

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF AURELIUS TECHNOLOGIES BERHAD (“ATECH” OR “COMPANY”) DATED 29 NOVEMBER 2021 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice).

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company or the Issuing House, Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a paper/printed copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the application forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Selling Shareholder, the Principal Adviser, the Sole Bookrunner and the Sole Underwriter named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares offered under the Retail Offering will open at **10.00 a.m.** on **29 November 2021** and will close at **5.00 p.m.** on **3 December 2021**. Any change to the timetable will be advertised by the Company in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities, are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



AURELIUS TECHNOLOGIES BERHAD
(Registration No. 202101005015 (1405314-D))
(Incorporated in Malaysia under the Companies Act 2016)

Business Address

Plot 21, Jalan Hi-Tech 4,
Kulim Hi-Tech Park, Phase 1,
09090 Kulim, Kedah, MALAYSIA.

TEL : +6 04-4033180

www.atechgroup.com.my



AURELIUS TECHNOLOGIES BERHAD

P R O S P E C T U S

P R O S P E C T U S



AURELIUS TECHNOLOGIES BERHAD
(Registration No. 202101005015 (1405314-D))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 103,870,000 ORDINARY SHARES ("IPO SHARES") IN AURELIUS TECHNOLOGIES BERHAD ("ATECH") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES IN ATECH ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 26,860,000 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 77,010,000 NEW SHARES ("ISSUE SHARES") INVOLVING:

- (I) INSTITUTIONAL OFFERING OF UP TO 80,961,000 IPO SHARES TO MALAYSIAN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- (II) RETAIL OFFERING OF 22,909,000 ISSUE SHARES TO THE DIRECTORS AND ELIGIBLE EMPLOYEES OF ATECH AND ITS SUBSIDIARY ("GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.36 PER ISSUE SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

- (A) THE RETAIL PRICE OF RM1.36 PER ISSUE SHARE; OR
- (B) THE INSTITUTIONAL PRICE.

Principal Adviser, Sole Bookrunner and Sole Underwriter



Maybank Investment Bank Berhad
(Co. Reg. No. 197301002412)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF ATECH AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 52.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

**THIS PROSPECTUS IS DATED
29 NOVEMBER 2021**

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information" commencing on page viii, "Definitions" commencing on page xi and "Glossary of Technical Terms" commencing on page xx.

RESPONSIBILITY STATEMENTS

Our Directors, the Promoters and the Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser, Sole Bookrunner for the Institutional Offering and Sole Underwriter for the Retail Offering, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Form, have also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The valuation included in this Prospectus should not be construed as an endorsement by the SC on the value of the Property.

OTHER STATEMENTS

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah-compliant by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

Investors should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in our IPO are offered solely in Malaysia on the basis of the information contained and representations made in this Prospectus. Our Directors, the Promoters and Principal Adviser have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors, the Promoters, the Principal Adviser or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant authority of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept any liability in relation thereto whether or not any enquiry or investigation is made in connection with it.

It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in the contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Our Directors, the Promoters and the Principal Adviser have not authorised anyone and take no responsibility for the distribution of this Prospectus outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or unlawful or to any person to whom it is unlawful to make such offer or invitation.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secured medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files, information or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other material provided by the Third Party Internet Sites; and

- (iii) any data, information, file or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium; and
- (iii) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or dates:

Event	Time and/or date
Opening of the Institutional Offering	29 November 2021
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 29 November 2021
Closing of the Retail Offering	5:00 p.m., 3 December 2021
Closing of the Institutional Offering	3 December 2021
Price Determination Date	6 December 2021
Balloting of applications for the Issue Shares under the Retail Offering	7 December 2021
Allotment / Transfer of our IPO Shares to successful applicants	15 December 2021
Listing	16 December 2021

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” and “ATech” are to Aurelius Technologies Berhad while all references to “our Group” and “ATech Group” are to our Company and our subsidiary taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, our Group.

Unless the context otherwise requires, references to “Management” are to our Executive Directors and key senior management as at the date of this Prospectus.

Other abbreviations, acronyms and technical terms used in this Prospectus are defined in the “Definitions” and the “Glossary of Technical Terms” sections of this Prospectus, respectively. Words denoting the singular will, where applicable, include the plural and *vice versa* and words importing the masculine gender will, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons will include companies and corporations.

Reference to the “Government” are to the Government of Malaysia and reference to “RM” and “sen” are to the lawful currency of Malaysia. Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the LPD in this Prospectus are to 1 November 2021, being the latest practicable date prior to the registration of this Prospectus with the SC.

Certain numbers presented in this Prospectus have been rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments.

The information on our website or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Vital Factor to provide an independent market and industry review. In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Furthermore, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

For the purpose of this Prospectus, EBITDA is calculated as our PAT plus (i) income tax expense; (ii) finance costs; (iii) depreciation of property, plant and equipment; and (iv) fair value loss on investment in quoted shares, less (v) interest income.

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION *(Cont'd)*

Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Group for future operations, and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies, trends and competitive position;
- (ii) our plans and objectives for future operations;
- (iii) potential growth opportunities;
- (iv) our future financial position, earnings, cash flows and liquidity; and
- (v) regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) demands of our customers;
- (ii) general economic, business, social, political and investment environment in Malaysia and globally;
- (iii) government policy, legislation and regulation;
- (iv) interest rates, tax rates and exchange rates;
- (v) shortages in labour;
- (vi) competitive environment in our industry in which we operate;
- (vii) reliance on approvals and licences;
- (viii) delays in availability of supply and fluctuations in prices of input materials;
- (ix) fixed and contingent obligations and commitments; and
- (x) any other factors beyond our control.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with provision of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

DEFINITIONS

The following terms in this Prospectus bear the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	:	Annual general meeting
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Application form for the application of the Issue Shares under the Retail Offering accompanying this Prospectus
ATech or Company	:	Aurelius Technologies Berhad
ATech Shares or Shares	:	Ordinary shares in our Company
ATM	:	Automated teller machine
Auditors or Reporting Accountants	:	Grant Thornton Malaysia PLT
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application in respect of the payment for the Issue Shares
Board	:	Board of Directors of our Company
Brazil	:	The Federative Republic of Brazil
Bumiputera	:	In the context of: <ul style="list-style-type: none"> (i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies - a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI: <ul style="list-style-type: none"> (a) registered under the Act as a private company; (b) its shareholders are 100.0% Bumiputera; and (c) its board of directors (including its staff) are at least 51.0% Bumiputera; and (iii) cooperatives - a cooperative whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI

DEFINITIONS *(Cont'd)*

Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
BVI	:	British Virgin Islands
By-Laws	:	By-laws governing the ESS
CAGR	:	Compound annual growth rate
CCC	:	Certificate of completion and compliance or such certificate by any other name issued by the relevant authority under the Street, Drainage and Building Act 1974 and any by-laws made under it or such relevant legislation applicable at the material time
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
Certificate for Accommodation	:	A certificate granted under the Workers' Minimum Standards of Housing and Amenities Act 2019 certifying an accommodation as fit for occupation by the employees
Certificate of Valuation	:	Certificate of valuation dated 2 November 2021 in respect of the Property prepared by the Valuer
China	:	The People's Republic of China
CMCO	:	Conditional MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
CMSA	:	Capital Markets and Services Act 2007
Comintel Corporation	:	Comintel Corporation Berhad
Constitution	:	Constitution of our Company
COVID-19	:	An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Department of Labour	:	Department of Labour of Peninsular Malaysia
Directors	:	Directors of our Company
Distribution	:	Distribution by way of dividend-in-specie of 175,329,800 ATech Shares held by MSH, representing 48.95% equity interest in ATech, to the shareholders of MSH
DOSH	:	Department of Occupational Safety and Health
E&E	:	Electrical and Electronics
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation

DEFINITIONS *(Cont'd)*

Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Share Application	:	Application for the Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, our Directors, eligible employees of our Group and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering
EMS	:	Electronics manufacturing services
EPF	:	Employees' Provident Fund Board
EPS	:	Earnings per Share
Equity Guidelines	:	Equity Guidelines issued by the SC
ESGP	:	Employees' share grant plan for the grant of ESGP Shares to the eligible directors and eligible employees of our Group which forms part of the ESS
ESGP Shares	:	ATech Shares to be made available to a Participant pursuant to the exercise of ESOS Options or ESGP Shares to be issued/transferred to a Participant pursuant to the ESGP
ESOS	:	Employees' share option scheme for the granting of ESOS Options to the eligible directors and eligible employees of our Group which forms part of the ESS
ESOS Options	:	The right granted to the Participant to subscribe for new ATech Share(s) at a pre-determined exercise price in accordance with the By-Laws
ESS or Scheme	:	Employees' share scheme of our Company comprising the ESGP and the ESOS
Executive Directors	:	Collectively, LCY and LHC
Final Retail Price	:	Final price per Issue Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FMCO	:	Full MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Founding MBO Members	:	The key managers and employees of BCM Electronics (other than LCY and LHC) who participated in the management buyout of BCM Electronics
FPE	:	7-month financial period ended
France	:	The French Republic

DEFINITIONS *(Cont'd)*

FYE	:	Financial year ended or where the context otherwise requires, financial year ending
FYE Under Review	:	Collectively, FYEs 31 January 2019, 31 January 2020 and 31 January 2021
Germany	:	The Federal Republic of Germany
Grantee(s)	:	Eligible director(s) or eligible employee(s) of our Group who has(ve) accepted the Offer in accordance with the terms and conditions of the Offer and the By-Laws
Group or ATech Group	:	Collectively, our Company and its subsidiary, BCM Electronics
Hong Kong	:	Hong Kong Special Administrative Region of China
IFRS	:	International Financial Reporting Standards
IMR or Vital Factor	:	Vital Factor Consulting Sdn Bhd, the independent market researcher
IMR Report	:	Independent market research report dated 10 November 2021 prepared by Vital Factor
Institutional Offering	:	Offering of up to 80,961,000 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions, to Malaysian institutional and selected investors, including Bumiputera investors approved by the MITI
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application
Internet Share Application	:	Application for the Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	:	Initial public offering of our IPO Shares in conjunction with our Listing
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
Issue Shares	:	New Shares to be issued by our Company under the Public Issue
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd
IT	:	Information technology

DEFINITIONS *(Cont'd)*

LCY	:	Lee Chong Yeow @ Lee Chong Yan
LHC	:	Loh Hock Chiang
Listing	:	Listing of and quotation for our entire enlarged issued Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Lithuania	:	The Republic of Lithuania
LPD	:	1 November 2021, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day on which Bursa Securities is open for trading of securities
Maybank	:	Malayan Banking Berhad
Maybank IB	:	Maybank Investment Bank Berhad
Maybank Islamic	:	Maybank Islamic Berhad
MBO Sponsors	:	Collectively, LCY, LCH, MSL and SEAFC (on behalf of the JSEAF Fund)
MCCG	:	Malaysian Code on Corporate Governance which came into effect on 28 April 2021
MCO	:	Movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
MFRS	:	Malaysian Financial Reporting Standards
MIA	:	Malaysian Institute of Accountants
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry
MOF	:	Ministry of Finance
MOH	:	Ministry of Health
MSH	:	Main Stream Holdings Sdn Bhd <i>(formerly known as Aurelius Holdings Sdn Bhd)</i>

DEFINITIONS (Cont'd)

MSH CRCPS	:	Cumulative redeemable convertible preference shares in MSH with an issue price of RM1.00 per MSH CRCPS and dividend payable on each MSH CRCPS at a rate of (i) 6% per annum chargeable and compounded semi-annually; and (ii) 5% per annum chargeable and compounded annually
MSH Shares	:	Ordinary shares in MSH
MSL	:	Main Stream Limited
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
NLC	:	National Land Code 1965
NRP	:	National Recovery Plan
NTA	:	Net tangible assets
OFCL	:	Onshore foreign currency loan
Offer	:	An offer made pursuant to the ESS
Offer for Sale	:	Offer for sale of up to 26,860,000 Offer Shares by the Selling Shareholder
Offer Shares	:	Existing Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
Option Period	:	The period commencing from the date of acceptance of the Offer and expiring on the last day of the Scheme Period or upon the date of termination of the Scheme, whichever is earlier, or such other period as specified by the ESS Committee in the Offer
Participant	:	Directors (including non-executive Directors) and/or eligible employees of the companies within our Group who have fulfilled the relevant conditions of eligibility and have received and accepted the Offer
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PB multiple	:	Price-to-book multiple
PE multiple	:	Price-to-earnings multiple

DEFINITIONS (Cont'd)

Pink Application Form	:	Application form for the application of the Issue Shares under the Retail Offering by the Eligible Persons accompanying this Prospectus
Pixel Advisers	:	Pixel Advisers Pte. Ltd.
Placement Agreement	:	The placement agreement to be entered into by our Company, LCY, LHC, the Selling Shareholder and the Sole Bookrunner in respect of such number of IPO Shares to be offered under the Institutional Offering
PPE	:	Property, plant and equipment
Pre-IPO Restructuring	:	Acquisition of the entire equity interest of BCM Electronics by ATech
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Principal Adviser	:	Maybank IB
Promoters	:	Collectively, MSH, LCY and LHC
Property	:	An industrial complex located at Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman
Prospectus	:	This prospectus dated 29 November 2021 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public issue of 77,010,000 Issue Shares by our Company
R&D	:	Research and development
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Retail Offering	:	Offering of 22,909,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated in the following manner: <ul style="list-style-type: none"> (i) 5,000,000 Issue Shares reserved for application by the Eligible Persons; and (ii) 17,909,000 Issue Shares for application by the Malaysian Public via balloting
Retail Price	:	Initial price of RM1.36 per Issue Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.5.1 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement dated 15 November 2021 between our Company and the Sole Underwriter for the underwriting of the Issue Shares under the Retail Offering

DEFINITIONS *(Cont'd)*

RMCO	:	Recovery MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SEAFC	:	South East Asia Finance Capital Inc.
Selling Shareholder	:	MSH
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Singapore	:	The Republic of Singapore
Sole Bookrunner	:	Maybank IB
Sole Underwriter	:	Maybank IB
SOP	:	Standard operating procedures
sq. ft.	:	Square feet
sq. m.	:	Square metre
TCH	:	Tan Chong Hin
Titanium	:	Titanium Goodwill Sdn Bhd
UK	:	United Kingdom of Great Britain and Northern Ireland
USA	:	United States of America
Valuer	:	C H Williams Talhar & Wong Sdn Bhd, the independent valuer appointed to undertake the valuation of the Property

Currencies

AUD	:	Australian Dollar, the lawful currency of Australia
CNY	:	Chinese yuan renminbi, the lawful currency of China
Euro	:	Euro, the lawful currency of European Union
GBP	:	British pound sterling, the lawful currency of the UK
JPY	:	Japanese Yen, the lawful currency of Japan
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia

DEFINITIONS *(Cont'd)*

SGD : Singapore Dollar, the lawful currency of Singapore
USD or US\$: United States Dollar, the lawful currency of the USA

Subsidiary

BCM Electronics : BCM Electronics Corporation Sdn Bhd

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

Alternating current	:	An electric current that periodically reverses direction at regular intervals
ATEX (Atmosphères Explosives) certification	:	A European Union certification for equipment intended for use in a potentially explosive atmosphere
Automated guided vehicles or AGV	:	A mobile vehicle to perform tasks relating to the loading of input materials at the loading stations
Automated optical inspection or AOI	:	An automated visual inspection process carried out by a camera system to scan a printed circuit board or printed circuit board assembly for any anomalies, missing components, or other defects
Ball grid array or BGA	:	A method of packaging IC that uses bare metal spheres or balls to provide connections between the internal circuits of the IC and the external circuits of a PCB. BGA IC package uses SMT for PCBA
Box build	:	End-to-end manufacturing of a finished product
Capacitor	:	A discrete semiconductor component used to store electrical energy for a short period of time
Central Processing Unit or CPU	:	An IC package used in computer or other machinery and equipment which processes and executes instructions
Chip	:	An individual integrated circuit that has not yet been packaged
Consumer Electronics	:	Electronic products commonly used by individuals or households
Diode	:	A discrete semiconductor component that allows electric current to flow easily in one direction
Direct Current	:	An electric current that flows in only one direction in an electric circuit
Discrete semiconductor component	:	An electronic component made of semiconductor material that does one elementary electronic function that cannot be further subdivided. Examples of discrete semiconductor components are resistors, transistors, diodes, rectifiers, inductors and LED. For example, a diode's function is to allow current to flow in one direction only
Electromechanical	:	A part, component or device comprising electrical and mechanical parts
Electronics	:	Pertaining to the production, flow and control of electrons in the form of electricity
Electronics manufacturing services or EMS	:	An outsourcing activity where the electronics manufacturing service provider undertakes manufacturing of electronic components, parts or products on behalf of its customer
Electrostatic discharge	:	Refers to the channelling of static electricity from an object to the ground. Static electricity may cause damage to electronic components, and thus must be discharged to prevent damaging electronic components

GLOSSARY OF TECHNICAL TERMS (Cont'd)

End-to-end manufacturing solutions	:	In the context of this Prospectus, it is also referred to as turnkey solutions where we provide manufacturing services from sourcing and procurement of parts and components to board and mechanical assembly, and up to the finished electronic product
Fine pitch	:	Commonly used in SMT where the distance between the legs of two components are very close to each other. Commonly, the distance is no more than 0.65 mm
Flexible PCB	:	A type of PCB where the circuitry is printed onto a flexible material rather than a rigid substrate. Flexible PCB is required for products with more than one part and are subjected to constant bending or opening and closing, like a laptop computer
Gerber file	:	A common standard file format comprising all the relevant information pertaining to the PCB and all the parts, components, tasks and specifications required to carry out board assembly into a PCBA
IC package	:	An IC that is encapsulated in a non-conductor material, such as ceramic or plastic, with metal legs or contacts protruding from the encapsulation. The metal legs, referred to as leads, or contacts will allow linkages between the circuitry inside the IC package and the external circuitry on the PCB. An example of an IC package is a central processing unit (CPU) or solid-state memory used in a computer
Industrial electronics	:	Electronics used in industrial, commercial and government applications.
Integrated circuit or IC	:	One or more fully edged die integrated with tiny discrete semiconductor components to form complete circuitries to perform one or more functions. An example of an IC after packaging is a central processing unit (CPU) or solid-state memory used in computers. In the context of this prospectus, it is used interchangeably with IC package, unless specified otherwise
Internet of things or IoT	:	A general term where sensors and other components which incorporate wireless communication capabilities are attached onto various objects such as vehicles or containers. The IoT device is able to communicate with base stations, other devices or other sensors or receivers through one or more networks. IoT devices include wearables, connected cars, smart phones, meters and instrumentation sensors
IPC-A-610 Class 3	:	IPC International Inc. (" IPC ") is a global association of participants in the electronics industry that, among others, provides standards and quality programmes for its members. IPC-A-610 is an acceptability standard for electronic assemblies comprising three classes. Class 3 represents the highest standard, requiring electronic assemblies to be built in compliance to all IPC criteria covering laminate selection, plating thickness, material qualifications, manufacturing processes and inspection. Class 3 standard is typically applied to critical PCBA
Land grid array or LGA	:	A method of packaging for IC that uses bare metal pads to provide connections between the internal circuits of the IC and the external circuits of a PCB. LGA IC package requires SMT for incorporation into PCBA
Light emitting diode or LED	:	A semiconductor device that emits infrared or visible light when charged with an electric current

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Manufacturing execution system or MES	:	It refers to an integrating computer hardware and software system designed to monitor, manage and track manufacturing operations to improve efficiency and provide traceability of the material used in the production line
Multicomponent integrated circuit or MCO IC	:	Comprises one or more integrated circuits with one or more semiconductor components such as a sensor and/or oscillator for the transmission of radio frequency, made to be inseparable on a single package, and must be assembled into a PCB or some other device. A multicomponent IC is not an end-product
Optoelectronics	:	Electronic devices or components that convert electrical energy into light, or light into energy through the use of semiconductor components. This can include electrically driven light sources such as laser diodes and LED. Devices or components that convert light to electrical current include solar photovoltaic cells. In the context of this prospectus, optoelectronics refers to LED
Original design manufacturer or ODM	:	A manufacturing company that manufactures its own designed products
Pitch	:	Distance between the centre of two objects
Plated through-hole or PTH	:	A mounting technology to populate a PCB using components with legs to be placed through holes in a PCB and subsequently their legs are soldered to the circuitry on the opposite side of the PCB. The holes are also plated with copper conductor
Printed circuit board or PCB	:	PCB refers to a flat plate or base of insulating materials bearing a pattern of conductive materials, usually copper, to form an electric circuit to facilitate the flow of electricity. A PCB starts with a substrate such as a plastic board commonly with copper plating on one side. An electric circuit design is printed on the copper surface where a chemical is used to remove the unwanted copper parts, leaving behind the electrical circuit. A PCB can be made using a rigid base or a flexible base The PCB provides the connectivity for electrical and electronic components like transistors, capacitors, diodes, resistors and IC to manage and control the flow of electricity
Printed circuit board assembly or PCBA	:	Refers to a printed circuit board with all the necessary components including discrete semiconductor components like transistors, capacitors, diodes and resistors as well as IC package, connectors, inductor coils, fans and others on the PCB. The discrete semiconductor components as well as IC packages are placed on the surface of the PCB using SMT and through the PCB using PTH auto insertion
Process capability index or Cpk	:	A measure of the machine or equipment's capability to produce a product that meets its predefined specifications and requirements
Quad Flat Non-Leaded or QFN	:	A rectangular IC package that does not have leads (legs) but uses a pad to attach to the PCB by SMT
Quad Flat Package or QFP	:	A rectangular IC package that has leads (legs) extending from all four sides and the package is attached to the PCB by SMT

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

Radio frequency	:	In the context of this prospectus, it refers to a method of communications or transfer of data between the receiver and transmitter through air or space using radio signals in the form of electromagnetic waves ranging from 30 megahertz to 300 megahertz
Rectifier	:	A discrete semiconductor component used to convert alternating current to direct current
Reflow solder	:	A process of melting a pre-applied solder paste on the PCB to bond IC packages and other semiconductor components onto the PCB
Resistor	:	A discrete semiconductor component used to control or limit the amount of electrical current in a circuit or to provide a voltage drop
Semiconductor	:	A material that has electric conductivity properties somewhere between a good conductor like copper and an insulator like rubber. The term "semiconductor" used in this prospectus refers to "semiconductor devices or components" and not the material, unless otherwise stated. Some examples of semiconductor components or devices include substrates (for example wafers), discrete components (for example transistors, diodes, capacitors and resistors), optoelectronics (for example LED), and integrated circuits
Solder	:	A metal alloy used to bond two separate metal parts. In electronics, the solder is commonly an alloy predominantly composing of tin combined with other metals such as silver, copper and/or bismuth
Subassembly	:	A semi-finished electronic product. In the context of this Prospectus, it comprises at least a PCBA together with other electrical, mechanical, metal and non-metal parts used in a larger semi-finished or finished product
Surface Mount Technology or SMT	:	A method of mounting or placing semiconductor components such as resistors, transistors, capacitors and IC packages onto the surface of a PCB. SMT enables miniaturisation of circuitries where very small semiconductor components can be accurately handled and placed precisely with very small tolerance, therefore allowing more components to be mounted within a given area. With the miniaturisation of many electronic devices, SMT is a critical technology to facilitate the manufacturing of a large majority of electronic products
System build	:	Finished products comprising several box build products and subassemblies into a finished system. For system build products, the Group provides integration into a complete communication system
Telematics	:	In the context of this prospectus, it refers to devices that are able to measure, monitor, record and process information of its surrounding, and subsequently send the information to a base station or another device. It is also able to receive information or signals to trigger an action in the telematic device
Transistor	:	A discrete semiconductor component that either amplifies current or works as a switch. As a switch it can switch from a low current to a high current, and vice versa, or switch current on or off

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

- Two-way radio : A communication system that uses a fixed radio frequency channel to transmit and receive radio waves for the communication between two users or groups of users. At any one time only one user can transmit while the rest will receive the signals. Two-way radio can be segmented into two types, namely conventional radio and trunk radio
- Wave solder : A method of soldering through-hole such as PTH components that are inserted through a PCB. The PCBA containing the PTH components is passed through a molten bath of solder where the legs of the PTH components are soldered to the underside of the PCB to fix and provide contact with the circuitries on the PCB

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Nationality	Address
Datin Normaliza Binti Kairon	Independent Non-Executive Director / Chairperson	Malaysian	7, Jalan Istana 12/4, Seksyen 12, 40100 Shah Alam, Selangor
F'ng Meow Cheng	Independent Non-Executive Director	Malaysian	7, Lorong Bukit Kecil 14, Taman Bukit Kecil, 14000 Bukit Mertajam, Penang
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director	Malaysian	53, Jalan USJ 3A/7, 47610 Subang Jaya, Selangor
Yee Swee Meng	Independent Non-Executive Director	Malaysian	A-13-06, Arte Condominium, Jalan Kuchai Maju 12, Kuchai Entrepreneurs Park, 58200 Kuala Lumpur
Lee Chong Yeow @ Lee Chong Yan	Non-Independent Executive Director / Group Chief Executive Officer	Malaysian	23-4-3, Sri York Condominium, Halaman York, 10450 Penang
Loh Hock Chiang	Non-Independent Executive Director / Group Chief Financial Officer	Malaysian	12A, Jalan Kemuning Permai 33/43C, Kemuning Utama, 40400 Shah Alam, Selangor

1. CORPORATE DIRECTORY (Cont'd)**AUDIT COMMITTEE**

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
Loh Hock Chiang	Member	Non-Independent Executive Director / Group Chief Financial Officer

REMUNERATION COMMITTEE

Name	Designation	Directorship
Yee Swee Meng	Chairperson	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
F'ng Meow Cheng	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Pauline Ng Peck Kun
 No. 21, USJ 4/1F,
 UEP Subang Jaya,
 47600 Subang Jaya,
 Selangor
 Professional qualification:
 Malaysian Institute of Chartered
 Secretaries and Administrators
 (MAICSA Membership No.:
 7029550)
 (SSM Practicing Certificate No.
 201908002573)
- REGISTERED OFFICE** : Level 19-1, Menara Milenium,
 Jalan Damanlela,
 Pusat Bandar Damansara,
 50490 Kuala Lumpur
 Tel. No.: +603 2094 0999
 Fax No.: +603 2094 2992
 Email: info@atechgroup.com.my
 Website: www.atechgroup.com.my
- HEAD/MANAGEMENT OFFICE** : Plot 21, Jalan Hi-Tech 4,
 Kulim Hi-Tech Park,
 Phase 1, Kulim,
 09090 Kedah
 Tel. No.: +604 403 3180
 Fax No.: +604 403 3181
 Email: info@atechgroup.com.my
 Website: www.atechgroup.com.my
- SELLING SHAREHOLDER** : Main Stream Holdings Sdn Bhd (*formerly known as Aurelius Holdings Sdn Bhd*)
 Level 19-1, Menara Millenium,
 Jalan Damanlela,
 Pusat Bandar Damansara,
 50490 Kuala Lumpur
- PRINCIPAL ADVISER, SOLE BOOKRUNNER AND SOLE UNDERWRITER** : Maybank Investment Bank Berhad
 32nd Floor, Menara Maybank,
 100, Jalan Tun Perak,
 50050 Kuala Lumpur
 Tel. No.: +603 2059 1888
- LEGAL ADVISERS** : *To our Company as to Malaysian law*
 Wong Beh & Toh
 Level 19, West Block,
 Wisma Golden Eagle Realty,
 142-C, Jalan Ampang,
 50450 Kuala Lumpur
 Tel. No.: +603 2713 6050

1. CORPORATE DIRECTORY (Cont'd)

Fax No.: +603 2713 6052

: *To the Sole Bookrunner and Sole Underwriter as to Malaysian law*

Adnan Sundra & Low
Level 25, Menara Etiqa,
No. 3, Jalan Bangsar Utama 1,
59000 Kuala Lumpur

Tel. No.: +603 2279 3288
Fax No.: +603 2279 3228

**AUDITORS AND
REPORTING ACCOUNTANTS**

: Grant Thornton Malaysia PLT
Level 5, Menara BHL,
51, Jalan Sultan Ahmad Shah,
10050 Penang

Tel. No. : +604 228 7828
Fax No. : +604 227 9828

Partner-in-charge: Loo Wei Teng
Approval No.: No. 03487/03/2022 J
Professional qualification: Member of the MIA (MIA Membership
No.: 32222)

IMR

: Vital Factor Consulting Sdn Bhd
V Square @ PJ City Centre (VSQ)
Block 6, Level 6, Jalan Utara,
46200 Petaling Jaya,
Selangor

Tel. No: +603 7931 3188
Fax No: +603 7931 2188

Name of signing director: Wooi Tan
(See Section 8 of this Prospectus for the profile of the firm and
signing director)

1. CORPORATE DIRECTORY (Cont'd)

VALUER	<p>: C H Williams Talhar & Wong Sdn Bhd Suite 2.7 Level 2 Wisma Great Eastern, No. 25 Lebuhraya, PO Box 1161, 10200 Pulau Pinang</p> <p>Tel. No.: +604 263 3377 Fax No.: +604 263 0359</p> <p>Valuer-in-charge: Peh Seng Yee</p> <p>Education:</p> <p>(a) Master of Business Administration, University of Portsmouth (b) Bachelor of Surveying (Hons) Property Management, Universiti Teknologi Malaysia</p> <p>Professional affiliations / accreditations:</p> <p>(a) Registered Valuer (V0527), Registered Real Estate Agent (E1527), (b) Registered Property Manager (PM0527) (c) Fellow of the Royal Institution of Surveyors Malaysia (RISM) (d) Member of the Royal Institution of Chartered Surveyors (e) Member of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (f) Member of the Malaysian Institute of Property and Facility Managers (g) Member of the FIABCI Malaysian Chapter</p>
ISSUING HOUSE AND SHARE REGISTRAR	<p>: Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur</p> <p>Tel. No.: +603 2783 9299 Fax No.: +603 2783 9222</p>
LISTING SOUGHT	<p>: Main Market of Bursa Securities</p>
SHARIAH STATUS	<p>: Approved by the SAC</p>

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC has, via its letter dated 4 October 2021, approved our IPO and our Listing under Section 214(1) of the CMSA, and the resultant equity structure of our Company pursuant to our Listing under the equity requirement for public listed companies, subject to the following condition:

No.	Details of condition imposed	Status of compliance
(i)	Maybank IB and ATech to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing.	To be complied

In the same letter, the SC has also noted the effects of our Listing on the equity structure of our Company as follows:

Category of shareholders	As at 30 June 2021 ⁽¹⁾		After our Listing	
	No. of Share	% of our issued Share	No. of Shares	% of our enlarged issued Shares
Bumiputera				
- Bumiputera public via balloting	-	-	8,954,500	2.50
- Bumiputera investors to be approved by the MITI	-	-	44,772,500	12.50
Total Bumiputera⁽²⁾	-	-	53,727,000	15.00
Non-Bumiputera ⁽³⁾	1	100.00	304,453,000	85.00
Total Malaysians	1	100.00	358,180,000	100.00
Foreigners	-	-	-	-
TOTAL	1	100.00	358,180,000	100.00

Notes:

- (1) Being the latest practicable date, prior to the submission of our Listing application to the SC.
- (2) Assuming all our IPO Shares allocated to Bumiputera investors approved by the MITI under the Institutional Offering and Bumiputera investors under the Retail Offering via balloting are fully subscribed.
- (3) Assuming all our IPO Shares other than those allocated to Bumiputera investors approved by the MITI under the Institutional Offering and Bumiputera investors under the Retail Offering via balloting are allocated to Malaysians and non-Bumiputera investors as the actual subscribers cannot be determined at this juncture.

2. INTRODUCTION (Cont'd)

2.1.2 Bursa Securities

Bursa Securities has, via its letter dated 1 November 2021, approved our Admission, our Listing and the listing of and quotation for our new Shares to be issued pursuant to the ESS.

2.1.3 SAC

The SAC has, via its letter dated 26 August 2021, classified our Shares as Shariah-compliant securities based on the audited financial statements of BCM Electronics for the FYE 31 January 2021 and the Pro Forma Combined Statements of Financial Position as at 31 January 2021.

2.1.4 MITI

The MITI has, via its letter dated 6 September 2021, stated that it has taken note and has no objection for us to implement our Listing.

2.2 MORATORIUM ON OUR SHARES

Pursuant to Paragraphs 5.29(a) and 5.30, Part II of the Equity Guidelines, our Shares directly held by the Promoters as at the date of our Listing are subject to moratorium. In this respect, our Shares that are subject to moratorium are set out below:

Name	Direct	
	No. of Shares	%
	'000	
MSH	254,310	71.00
LCY	(1)100	(2)-
LHC	(1)100	(2)-
Total	254,510	71.00

Notes:

- (1) *Represents the Issue Shares allocated under the allocation for the Eligible Persons under the Retail Offering.*
- (2) *Negligible.*

MSH, LCY and LHC have fully accepted the moratorium. They will not be permitted to sell, transfer or assign any of their respective holding in our Shares as at the date of our Listing for a period of six (6) months from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by MSH, LCY and LHC which are under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes such restrictions.

2. INTRODUCTION *(Cont'd)*

The following persons/parties are not allowed to sell, transfer or assign their entire shareholdings in respect of the following for a period of six (6) months from the date of our Listing:

- (i) the shareholders of MSH, namely MSL, LCY, LHC, Pixel Advisers and Titanium, in respect of their shares held in MSH;
- (ii) the shareholders of MSL, namely LCY and LHC, in respect of their shares in MSL;
- (iii) the sole shareholder of Pixel Advisers, namely TCH, in respect of his shares in Pixel Advisers; and
- (iv) the shareholders of Titanium, namely the Founding MBO Members, in respect of their shares in Titanium.

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 80,961,000 IPO Shares (comprising up to 26,860,000 Offer Shares and 54,101,000 Issue Shares), representing up to approximately 22.60% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Institutional Price in the following manner:

- (i) 44,772,500 IPO Shares, representing 12.50% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and
- (ii) up to 36,188,500 IPO Shares, representing up to approximately 10.10% of our enlarged issued Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

3.1.2 Retail Offering

The Retail Offering involves the offering of 22,909,000 Issue Shares, representing 6.40% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

5,000,000 Issue Shares, representing 1.40% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Category of Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors ⁽¹⁾	6	1,000,000
Eligible employees of our Group ⁽²⁾	57	1,000,000
Persons who have contributed to the success of our Group ⁽³⁾	10	3,000,000
Total	73	5,000,000

Notes:

- (1) The allocation to our Directors is based on, among others, their respective roles and responsibilities in our Company and a total of 1,000,000 Issue Shares have been allocated to them as follows:

Name	Designation	No. of Issue Shares allocated
Datin Normaliza Binti Kairon	Independent Non-Executive Director / Chairperson	260,000
F'ng Meow Cheng	Independent Non-Executive Director	180,000
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director	180,000
Yee Swee Meng	Independent Non-Executive Director	180,000

3. PROSPECTUS SUMMARY (Cont'd)

Name	Designation	No. of Issue Shares allocated
LCY	Non-Independent Executive Director / Group Chief Executive Officer	100,000
LHC	Non-Independent Executive Director / Group Chief Financial Officer	100,000
Total		1,000,000

- (2) *The allocation to the eligible employees of our Group who are full-time confirmed employees is based on, among others, job grade, performance, length of service and their past contribution to our Group. A total of 400,000 Issue Shares have been allocated to our key senior management as follows:*

Name	Designation	No. of Issue Shares allocated
Chong Kean Seong	Senior Director of Operation	100,000
Seah Chin Sen	Senior Director of Supply Chain Management	90,000
Chieng Chee Boon	Senior Director of Quality Assurance and Manufacturing Planning	90,000
Khoo Boo Eng	Director of Business Development	40,000
Valli Kumaran A/L Ramachandran	Director of Finance	40,000
Hafiz Bin Hashim	Director of Test Systems Engineering	40,000
Total		400,000

- (3) *The allocation to persons who have contributed to the success of our Group is based on, among others, the nature and terms of their business relationship with us, their length of business relationship with our Group and the level of contribution and support to the success of our Group.*

(ii) Allocation via balloting to the Malaysian Public

17,909,000 Issue Shares, representing 5.00% of our enlarged issued Shares, are reserved for application by the Malaysian Public via balloting, of which 8,954,500 Issue Shares have been set aside strictly for Bumiputera citizens, companies, co-operatives, societies and institutions.

3.1.3 ESS

In conjunction with our Listing, we have established an ESS which entails the granting of ESOS Options and ESGP Shares to the eligible directors (including non-executive directors) and/or eligible employees of our Group who fulfils the conditions of eligibility as stipulated in the By-Laws. However, we do not intend to grant any ESOS Option and/or ESGP Share in conjunction with our Listing. Further details of the ESS are set out in Section 4.2.4 of this Prospectus.

3.1.4 Moratorium on our Shares

In accordance with the Equity Guidelines, MSH, LCY and LHC are not allowed to sell, transfer or assign any part of their respective holdings in our Shares as at the date of our Listing for a period of six (6) months from the date of our Listing.

The Public Issue and Offer for Sale will raise gross proceeds of RM104.73 million and RM36.53 million, respectively. Further details of our IPO and moratorium on our Shares are set out in Sections 4.2 and 2.2 of this Prospectus, respectively.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 9 February 2021 as a private limited company under the name of Aurelius Technologies Sdn Bhd. Subsequently, on 8 July 2021, our Company was converted into a public company. The principal activity of our Company is investment holding while BCM Electronics, being our sole subsidiary, is principally a provider of EMS for industrial electronics products.

For the FYE Under Review, FPE 31 August 2021 and up to the LPD, we carried out EMS for three (3) product categories which are communications and IoT products, electronics devices and semiconductor components. For the FYE 31 January 2021, these three (3) product categories contributed 89.5%, 9.4% and 1.1% respectively to our revenue of RM362.2 million. For the FPE 31 August 2021, these three (3) product categories contributed 83.5%, 13.8% and 2.7% respectively to our revenue of RM200.0 million. We principally operate in Malaysia to serve customers in Malaysia and foreign countries. For the FYE 31 January 2021 and FPE 31 August 2021, our customer base spreads across 11 countries covering Asia Pacific, the Americas and Europe. The top three countries by revenue contribution were the USA, Malaysia and Singapore which collectively accounted for 93.6%, 92.7%, 89.3% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, respectively. Further details of our principal activities, our subsidiary and business model are set out in Sections 6.1, 6.3 and 7.1 of this Prospectus, respectively.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are set out below:

- (i) **We provide a one-stop manufacturing solution for industrial electronic products**
We have the capabilities to carry out manufacturing services for PCBA, subassemblies as well as box build and system build of finished products. We have SMT, PTH and supporting facilities and capabilities to carry out EMS in a timely manner. We can offer customers a complete end-to-end solution which enables us to handle a range of EMS requirements from our customers.
- (ii) **We have an established track record of 28 years and have evolved our skills and facilities to meet the needs of the electronics industry**
We have an established track record that spans 28 years as an EMS provider. Over the years, our business has successfully evolved in tandem with the advancement of the electronics industry.
- (iii) **We have the expertise, facility and trained technical personnel certified to carry out high melting point and gold soldering**
We are able to perform high melting point soldering for working temperature, which is a key advantage for us to potentially secure new orders and customers while sustaining existing customers.
- (iv) **Our geographical coverage across ten foreign markets provides us with the platform to continue to address export market opportunities**
We serve customers across ten foreign markets. The growth in demand for E&E products in the USA will continue to provide growth opportunities for our business operations.
- (v) **We have quality programmes and certifications including ATEX certification to substantiate our commitment to product and service quality**
We have various certifications to substantiate our ability to meet the quality standards and expectations of our customers. Our ability and track record in manufacturing products that comply with stringent requirements demonstrate the quality of our work to serve as a reference point to secure contracts from new customers.

3. PROSPECTUS SUMMARY (Cont'd)

(vi) We have MES and abilities to develop customised test programmes, which enables us to provide value added services to our customers

Our production facility in Kulim Hi-Tech Park is fully integrated with our in-house designed and developed MES. Our MES enables full traceability where it can trace and identify all material movements and manufacturing processes carried out for all components and products that pass through our production facility. Our ability to design and code test programs and to carry out testing of, among others, communication devices has helped consolidate our position as an EMS provider for communication devices.

(vii) We have an experienced management and technical team to lead, manage and grow our business and a succession plan in place

We have an experienced management team headed by our Executive Director and Group Chief Executive Officer, LCY and our Executive Director and Group Chief Financial Officer, LHC.

Further details of our competitive strengths are set out in Section 7.2 of this Prospectus.

3.4 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has had various impact on our business and operations in Malaysia arising from the measures implemented by the Government to reduce and control the spread of COVID-19. As a result, our EMS operations in Malaysia were temporarily interrupted by these measures. We also experienced a disruption in the global supply chain arising from the COVID-19 pandemic.

(i) Impact on our business and financial performance

(a) FYE 31 January 2021

For the FYE 31 January 2021, we faced delays in obtaining certain input materials for our EMS operations as there were disruptions in the global supply chain arising from the COVID-19 pandemic. In addition, our EMS operations were affected due to the restrictions imposed by the Government during the MCO period, which resulted in delays in fulfilment of sales orders to our customers. Upon the resumption of our manufacturing operations, we continued to take the necessary precautions while working under the various constraints imposed by the Government during the MCO. Although we have resumed full operations since 29 April 2020, our revenue and profit for the FYE 31 January 2021 were impacted due to the interruptions to our operations as mentioned above. Our revenue decreased by 7.0% or RM27.1 million and PBT decreased by 45.0% or RM14.6 million for the FYE 31 January 2021.

(b) FYE 31 January 2022

Pursuant to the FMCO that started on 1 June 2021, we continued to operate according to specified guidelines and the latest SOP where our business operations operated at 60% capacity of workforce during Phase 1 of the NRP. Based on 60% capacity, we extended our operating days from 5.5 days a week to 7 days a week which enabled us to achieve an overall of 85% of operating hours per week during the period. Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in fulfilling sales orders. However, with 85% operating capacity during the FMCO period, we were able to reduce potential delays for our planned production. In the event that any prolonged outbreak of the COVID-19 and/or any the implementation of FMCO measures prolonged and/or increase in restrictions to enhanced MCO, this could adversely affect our manufacturing operations and in turn could have an impact on our financial performance for the second half of 2021. Nevertheless, we are of the view that our revenue for the FYE 31 January 2022 will not be materially affected as we have increased our manufacturing activities after the Phase 1 NRP condition was uplifted.

3. PROSPECTUS SUMMARY *(Cont'd)*

(ii) Impact on our supply chain

The main input materials for our manufacturing operations include PCB and semiconductor components, mechanical, electrical and related parts which are mainly imported. For the FYE 31 January 2021, we faced delays in obtaining certain input materials from our suppliers as there were disruptions in the global supply chain. Consequently, we had to delay the fulfilment of sales orders to our customers for the FYE 31 January 2021.

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run. This view takes into consideration the gradual recovery of Malaysia's economy. Further details of the impact of the COVID-19 pandemic are set out in Section 7.16 of this Prospectus.

3.5 FUTURE PLANS AND STRATEGIES

Our future plans and strategies are set out below:

(i) Expansion into semiconductor component manufacturing

We envisage having a total of seven (7) production lines dedicated to semiconductor component manufacturing for Customer F by the end of 2023 to cater for its increased demand as per our mutual understanding with Customer F in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus.

(ii) Expansion of our production facilities

- (a) Construction of a new manufacturing plant: As at the LPD, we have commenced the construction of a new manufacturing plant on the vacant land of approximately three (3) acres, adjacent to our existing manufacturing plant. The new single-storey manufacturing plant's footprint is 61,909 sq. ft., and will be used for the expansion of our EMS operations as well as the development of a new product, namely lithium-ion battery pack system for light vehicles.
- (b) Purchase of new machinery and equipment: We have placed orders and installed two (2) production lines in 2021 and intend to further expand our production facilities and invest in four (4) new production lines to cater to the business expansion and growth of our EMS services.

(iii) Upgrade our manufacturing facilities towards Industry 4.0

We plan to upgrade our manufacturing facilities by adopting automated material handling system and undertaking development and implementation of customised software and systems for factory automation.

(iv) Introduction of new products

We plan to manufacture lithium-ion battery pack systems for use in light vehicles. As at the LPD, we are working in collaboration with a third party for the development phase of the lithium-ion battery pack systems.

Further details of our future plans and strategies are set out in Section 7.4 of this Prospectus.

3.6 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

3. PROSPECTUS SUMMARY *(Cont'd)*

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:

(i) Risks relating to our business

(a) **We are dependent on purchase orders from and agreements with our major customers and agreements with major customers for revenue and on the agreement with Customer F for our ongoing and future expansion plans**

Our sales are secured by way of purchase orders from our major customers from time to time. We are dependent on purchase orders from and agreements with our major customers and the loss of any of the major customers, if not replaced, may adversely affect our financial condition and results of our operation. Our major customers collectively contributed approximately 90% or more of our revenue in any given year/period during the FYE Under Review and FPE 31 August 2021. In addition, our financial performance may be adversely affected if our major customers lose market share, experience financial difficulty or if they are faced with an economic downturn which affects demand for their products or services. We are also deemed dependent on Customer F for our on-going and future expansion plans mainly for semiconductor component manufacturing for Customer F.

(b) **We are dependent on imported input materials and any disruption in global supply chain may affect our business, results of operations and financial condition**

Any serious and prolonged global shortage of input materials may lead to loss of business opportunities and delay in our production. We may be exposed to price fluctuations in the cost of the input materials due to unavoidable time lag between the time of our commitment to our customers and our subsequent purchase of such input materials on our customers' behalf. Imported input materials accounted for 75.4%, 74.8%, 70.2% and 67.8% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(c) **We are subject to operational risks which may cause interruptions to our business operations**

Operational risks including but not limited to fire outbreaks and disruption of electricity supply may cause interruptions to our business operation. Any prolonged disruptions will affect our production schedules and may affect the timely delivery of our products to our customers, which consequently may affect our results of operations, financial condition and reputation.

(ii) Risks relating to our industry

(a) **We are subject to the demand and performance of the user-industries**

We face the risk of dependency on communications and IoT products within the industrial electronics sector. Hence, in the event of any downturn and/or decline in demand for communication and IoT products, it would adversely affect our business, financial condition, results of operations and prospects.

(b) **We operate in a technological industry where we are required to compete effectively**

If we do not stay up-to-date with technological advances and be sensitive to the market trends or if one or more of our competitors introduce products and design services that can better address customer's needs, it may adversely affect our Group's competitiveness and therefore may affect our Group's business, financial condition, results of operations and prospects.

3. PROSPECTUS SUMMARY (Cont'd)

(c) The EMS industry may face adverse economic conditions due to pandemic

In 2020, the real GDP growth of the E&E industry moderated to 2.6% from 3.3% in 2019, according to the IMR. This was mainly impacted by the COVID-19 pandemic. A prolonged COVID-19 pandemic or occurrence of similar pandemics in the future would have an adverse effect on business, results of operations and financial condition of operators in the EMS industry.

Further details of the risk factors are set out in Section 5 of this Prospectus.

3.7 USE OF PROCEEDS

The gross proceeds from the Public Issue amounting to RM104.73 million⁽¹⁾ will be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Purchase of new machinery and equipment	Within 24 months	40,000	38.2
Repayment of borrowings	Within 6 months	29,520	28.2
Working capital	Within 36 months	28,129	26.9
Estimated expenses for our IPO and our Listing	Within 6 months	7,085	6.7
Total		104,734	100.0

Note:

(1) We have assumed the Institutional price and Final Retail price will be equal to the Retail Price.

The total gross proceeds from the Offer for Sale of up to approximately RM36.53 million will accrue entirely to the Selling Shareholder.

Further details of the use of proceeds are set out in Section 4.7 of this Prospectus.

3.8 DIVIDEND POLICY

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiary. Distributions by our subsidiary will depend upon its operating results, earnings, capital requirements, general financial condition and other relevant factors. We target a payout ratio of 20% of our PAT attributable to owners of our Company of each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. The following table sets out the dividends declared and/or paid for the FYE Under Review, FPE 31 August 2021 and up to the LPD, and the corresponding dividend payout ratio:

	FYE 31 January			FPE 31 August 2021	From 1 September 2021 up to the LPD
	2019	2020	2021		
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and/or paid	54,235	38,622	4,930	3,287	-
PAT	23,881	23,596	15,096	13,203	-
Dividend payout ratio ⁽¹⁾ (%)	227.1	163.7	32.7	24.9	-

Note:

(1) Computed based on dividends declared and/or paid divided by PAT.

BCM Electronics had declared dividend for the FYE 31 January 2022 of RM3,286,987.80 which was paid to MSH in October 2021. For the avoidance of doubt, neither our Company nor our subsidiary will be declaring any or further dividend for the FYE 31 January 2022. Further details of our dividend policy are set out in Section 12.5 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.9 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, the Promoters, our substantial shareholders, the Directors, and our key senior management are as follows:

3.9.1 Promoters and/or substantial shareholders

Promoters and substantial shareholders	Nationality/ Country of Incorporation	Before our IPO		After our IPO	
		Direct	Indirect	Direct	Indirect
		No. of Shares '000	(1)% No. of Shares '000	No. of Shares '000	(2)% No. of Shares '000
Promoters and substantial shareholders					
MSH	Malaysia	281,170	100.00	-	-
LCY	Malaysian	-	-	(4)281,170	(5)-
LHC	Malaysian	-	-	(4)281,170	(5)-
Substantial shareholder					
MSL	BVI	-	-	(4)281,170	(4)254,310

Notes:

- (1) Based on our issued Shares before our IPO of 281,170,000 ATech Shares.
- (2) Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.
- (3) MSH had provided a charge over its entire shareholding in BCM Electronics in favour of Maybank for the term loan facility it had obtained from Maybank which has since been discharged to facilitate the completion of the Pre-IPO Restructuring. In turn, a new charge over 254,310,000 Shares, being the remaining Shares held by MSH after excluding the Offer Shares, has been provided by MSH to Maybank prior to the registration of this Prospectus with the SC. The new charge will be uplifted upon settlement of the term loan facility by MSH using the proceeds from the Offer for Sale on the date of our Listing.

(4) Deemed interested by virtue of his/its interest in our Company via MSH pursuant to Section 8(4) of the Act.

(5) Negligible.

3. PROSPECTUS SUMMARY (Cont'd)**3.9.2 Directors**

Name	Designation
Datin Normaliza Binti Kairon	Independent Non-Executive Director/ Chairperson
F'ng Meow Cheng	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director
Yee Swee Meng	Independent Non-Executive Director
LCY	Non-Independent Executive Director/ Group Chief Executive Officer
LHC	Non-Independent Executive Director/ Group Chief Financial Officer

3.9.3 Key senior management

Name	Designation
Chong Kean Seong	Senior Director of Operation
Seah Chin Sen	Senior Director of Supply Chain Management
Chieng Chee Boon	Senior Director of Quality Assurance and Manufacturing Planning
Khoo Boo Eng	Director of Business Development
Valli Kumaran A/L Ramachandran	Director of Finance
Hafiz Bin Hashim	Director of Test Systems Engineering

Further details of the Promoters, our substantial shareholders, Directors, and key senior management and their direct and indirect shareholdings in our Company are set out in Sections 9.1, 9.2 and 9.4 of this Prospectus, respectively.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out a summary of the combined financial information of our Group for the FYE Under Review and FPE 31 August 2021:

	Audited			
	FYE 31 January			FPE 31
	2019	2020	2021	August 2021
	RM'000	RM'000	RM'000	RM'000
Combined statements of comprehensive income				
Revenue	358,171	389,305	362,165	200,038
GP	42,787	46,205	30,073	24,509
Profit from operations	33,653	36,383	21,958	19,179
PBT	31,040	32,377	17,819	16,919
PAT attributable to owners of the company	23,881	23,596	15,096	13,203
Other selected financial information				
GP margin (%)	11.9	11.9	8.3	12.3
PBT margin (%)	8.7	8.3	4.9	8.5
PAT margin (%)	6.7	6.1	4.2	6.6
Current ratio (times)	1.3	1.5	1.4	1.3
Cash and cash equivalents	16,974	27,404	17,109	15,930
Total borrowings	83,975	127,679	136,317	127,196
Cash flow				
Net cash from operating activities	5,462	18,250	150	17,972
Net cash used in investing activities	(982)	(5,384)	(14,513)	(10,324)
Net cash (used in)/from financing activities	(23,843)	(2,436)	4,017	(8,821)
Net (decrease)/increase in cash and cash equivalents	(19,363)	10,430	(10,346)	(1,173)

3. PROSPECTUS SUMMARY (Cont'd)

We recorded a significantly lower operating cash flow from operating activities of approximately RM150,000 for the FYE 31 January 2021 mainly due to higher sales in the fourth quarter of the FYE 31 January 2021. Our manufacturing operations were affected in the first half of the year due to MCO restrictions and disruption in the supply of material arising from the COVID-19 pandemic. Our manufacturing activities in the last quarter of FYE 31 January 2021 was higher to make up for lost time from the lower manufacturing activity in the first half of the year.

The contract assets recorded at RM25.2 million as at 31 January 2021, represented goods that have been mainly delivered to our customers' designated hubs in Penang, Malaysia and the USA for our communication devices and accessories but pending the issuance of invoices. Of the total RM25.2 million of contract assets, we have subsequently issued invoices for all the goods delivered and have collected the entire amount as at the LPD.

Order Book

Generally, our sales are derived from purchase orders issued by customers pursuant to the agreements with our customers. In this respect, we do not maintain an order book based on contracts due to the nature of our business.

We have an order book based on secured purchase orders. Of the secured purchase orders of RM736.5 million as at the LPD, we have unbilled purchase orders of RM482.7 million as set out below:

Unbilled purchase orders	RM'000
To be delivered from November 2021 to January 2022	164,064
To be delivered from February to April 2022	85,276
To be delivered from May 2022 to November 2023	233,335
Total	482,675

Our production capacity and utilisation for the FYE Under Review and FPE 31 August 2021 were as follows:

Period	Component placements		
	⁽¹⁾ Annual production capacity	Production output	Utilisation rate
	million ⁽²⁾ placement points	million ⁽²⁾ placement points	%
FYE 31 January 2019 ⁽³⁾	1,299	1,151	89
FYE 31 January 2020 ⁽⁴⁾	1,056	956	91
FYE 31 January 2021 ⁽⁵⁾	1,965	1,848	94
FPE 31 August 2021 ⁽⁶⁾	⁽⁷⁾ 1,350	1,249	93

Notes:

- (1) Annual production capacity is based on operating six (6) days a week excluding public holidays (295 days in the FYE 31 January 2019 and 294 days in the FYE 31 January 2020 and FYE 31 January 2021) on 24-hour shift per operating day (equivalent to number of operational days x 24 hours).
- (2) Placement points refer to the number of components placed onto the PCB.
- (3) For the FYE 31 January 2019, the annual production capacity was for 10 SMT lines.
- (4) For the FYE 31 January 2020, the annual production capacity was for seven (7) SMT lines and one (1) new SMT line which operated for only (1) one month. Three (3) SMT lines were decommissioned.
- (5) For the FYE 31 January 2021, the annual production capacity was for eight (8) SMT lines and one (1) new SMT line which operated for only six (6) months.
- (6) For the FPE 31 August 2021, the production capacity was for nine (9) SMT lines and one (1) new SMT line which operated for only seven (7) days.
- (7) Calculated based on 7-month pro-rated capacity.

Further details of the financial and operational information of our Group are set out in Sections 12, 13 and 7 of this Prospectus respectively.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or dates:

Event	Time and/or date
Opening of the Institutional Offering	29 November 2021
Issuance of the Prospectus/Opening of the Retail Offering	10:00 a.m., 29 November 2021
Closing of the Retail Offering	5:00 p.m., 3 December 2021
Closing of the Institutional Offering	3 December 2021
Price Determination Date	6 December 2021
Balloting of applications for the Issue Shares under the Retail Offering	7 December 2021
Allotment/Transfer of our IPO Shares to successful applicants	15 December 2021
Listing	16 December 2021

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

4.2 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus.

Our IPO consists of the Institutional Offering and the Retail Offering, totalling up to 103,870,000 IPO Shares, representing 29.00% of our enlarged issued Shares.

4.2.1 Institutional Offering

The Institutional Offering involves the offering of up to 80,961,000 IPO Shares (comprising up to 26,860,000 Offer Shares and 54,101,000 Issue Shares), representing up to 22.60% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Institutional Price in the following manner:

- (i) 44,772,500 IPO Shares, representing 12.50% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and
- (ii) up to 36,188,500 IPO Shares, representing up to approximately 10.10% of our enlarged issued Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

4. DETAILS OF OUR IPO (Cont'd)

4.2.2 Retail Offering

The Retail Offering involves the offering of 22,909,000 Issue Shares, representing 6.40% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

5,000,000 Issue Shares, representing 1.40% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Category of Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors ⁽¹⁾	6	1,000,000
Eligible employees of our Group ⁽²⁾	57	1,000,000
Persons who have contributed to the success of our Group	10	3,000,000
Total	73	5,000,000

Notes:

- (1) The allocation to our Directors is based on, among others, their respective roles and responsibilities in our Company and a total of 1,000,000 Issue Shares have been allocated to them as follows:

Name	Designation	No. of Issue Shares allocated
Datin Normaliza Binti Kairon	Independent Non-Executive Director / Chairperson	260,000
F'ng Meow Cheng	Independent Non-Executive Director	180,000
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director	180,000
Yee Swee Meng	Independent Non-Executive Director	180,000
LCY	Non-Independent Executive Director / Group Chief Executive Officer	100,000
LHC	Non-Independent Executive Director / Group Chief Financial Officer	100,000
	Total	1,000,000

4. DETAILS OF OUR IPO (Cont'd)

- (2) *The allocation to the eligible employees of our Group who are full-time confirmed employees is based on, among others, job grade, performance, length of service and their past contribution to our Group. A total of 400,000 Issue Shares has been allocated to the key senior management as follows:*

Name	Designation	No. of Issue Shares allocated
Chong Kean Seong	Senior Director of Operation	100,000
Seah Chin Sen	Senior Director of Supply Chain Management	90,000
Chieng Chee Boon	Senior Director of Quality Assurance and Manufacturing Planning	90,000
Khoo Boo Eng	Director of Business Development	40,000
Valli Kumaran A/L Ramachandran	Director of Finance	40,000
Hafiz Bin Hashim	Director of Test Systems Engineering	40,000
	Total	400,000

- (3) *The allocation to persons who have contributed to the success of our Group is based on, among others, the nature and terms of their business relationship with us, their length of business relationship with our Group and the level of their contribution and support to the success of our Group.*

(ii) Allocation via balloting to the Malaysian Public

17,909,000 Issue Shares, representing 5.00% of our enlarged issued Shares are reserved for application by the Malaysian Public via balloting, of which 8,954,500 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

4. DETAILS OF OUR IPO (Cont'd)

(iii) Summary of IPO Shares to be allocated and underwriting

In summary, subject to clawback and reallocation provisions set out in Section 4.2.3 of this Prospectus, our IPO Shares will be allocated in the following manner:

Category	Offer for Sale		Public Issue		Total
	No. of Shares	% of our enlarged issued Shares	No. of Shares	% of our enlarged issued Shares	
Retail Offering:					
Eligible Persons:					
- Our Directors	1,000,000	0.28	1,000,000	0.28	0.28
- Eligible employees of our Group	1,000,000	0.28	1,000,000	0.28	0.28
- Persons who have contributed to the success of our Group	3,000,000	0.84	3,000,000	0.84	0.84
Malaysian Public (via balloting):					
- Bumiputera	-	-	8,954,500	2.50	2.50
- Non-Bumiputera	-	-	8,954,500	2.50	2.50
Sub-total			22,909,000	6.40	22,909,000
Institutional Offering:					
Bumiputera investors approved by the MITI	13,430,000	3.75	31,342,500	8.75	44,772,500
Malaysian and selected investors	13,430,000	3.75	22,758,500	6.35	36,188,500
Sub-total	26,860,000	7.50	54,101,000	15.10	80,961,000
Total	26,860,000	7.50	77,010,000	21.50	103,870,000

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.8 of this Prospectus.

4. DETAILS OF OUR IPO (Cont'd)

4.2.3 Clawback and reallocation

The Institutional Offering and the Retail Offering will be subject to the following clawback and reallocation provisions:

- (i) if the Issue Shares allocated to the Eligible Persons are under-subscribed, such IPO Shares may be allocated to the other Malaysian institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at our absolute discretion;
- (ii) if our IPO Shares allocated to Bumiputera investors approved by the MITI are under-subscribed ("**MITI Tranche**"), such IPO Shares may be allocated to other Malaysian institutional investors under the Institutional Offering

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for Issue Shares by the Malaysian Public under the Retail Offering, our IPO Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering via balloting process as mentioned in Section 4.2.2(ii) of this Prospectus and thereafter to the other Malaysian Public under the Retail Offering;

- (iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iv) subject to item (i) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, the Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Shares**") will be made available for application by the other Eligible Persons who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

- (a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for;
- (b) secondly, allocation of any surplus Excess Shares after (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for; and
- (c) thirdly, to minimise odd lots.

4. DETAILS OF OUR IPO (Cont'd)

Our Board reserves the right to allot Excess Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept any Excess Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above, with any remaining Issue Shares to be underwritten by the Sole Underwriter.

4.2.4 ESS

In conjunction with our Listing, we have established an ESS which entails the granting of ESOS Options and ESGP Shares to the eligible directors (including non-executive directors) and/or eligible employees of our Group who fulfils the conditions of eligibility as stipulated in the By-Laws ("**Eligible Individuals**"). However, we do not intend to grant any ESOS Option and/or ESGP Share in conjunction with our Listing.

The ESS shall be administered by the ESS committee (comprising such number of directors and/or such senior management employees as the ESS committee may in its sole discretion determine) to be appointed by our Board from time to time. The ESS committee, subject to the By-Laws administers the ESS and regulates the ESS committee's own proceedings in such manner as it shall think fit. Any decision and/or determination made by the ESS Committee under the By-Laws will, in the absence of any manifest of error, be final and binding.

The salient features of the ESS are as follows:

(i) **Maximum number of new Shares available under the ESS**

The total number of new Shares which may be made available under the ESS and/or allotted and issued and/or acquired and/or transferred upon granting of our ESOS Options and/or ESGP Shares ("**Awards**") shall not exceed in aggregate 10.0% of our total issued Shares (excluding treasury shares, if any) at any point of time during the duration of the ESS.

Upon our Listing, the maximum number of Awards available to the eligible directors and eligible employees of our Group is 35,818,000, representing 10.0% of our total number of issued Shares.

4. DETAILS OF OUR IPO (Cont'd)

(ii) Maximum allowable allotment and basis of allocation

Subject to any adjustments which may be made under the By-Laws, the aggregate number of new Shares which may be offered and/or granted to the Eligible Individuals will be determined entirely at the discretion of the ESS Committee, provided that:

- (a) any allotment under the ESS to any of our eligible directors and/or eligible employees of the Group, chief executive officer, major shareholders of our Company and/or persons connected to them after our Listing shall require the prior approval of the shareholders of our Company at a general meeting and he/she shall not vote on the resolution approving the allocation and allotment to them and persons connected to them;
- (b) no allocation of more than 80.0% of the total Awards will be made in aggregate to the directors and/or key senior management of our Group;
- (c) no allocation of more than 10.0% of the total Awards will be made to each of our directors; and
- (d) no allocation of more than 10.0% of the total Awards will be made to an Eligible Individual to whom an Offer has been made under the ESS who, either singly or collectively through the persons connected with him/her, hold 20.0% or more of the number of issued Shares (excluding treasury shares, if any).

The ESS Committee will determine the Awards to be allocated to a Participant after taking into consideration various factors pertaining to the Participant such as position, ranking, performance, seniority, length of service, contribution and potential contribution to the continued success of our Group and any other factors deemed appropriate by the ESS Committee.

(iii) Duration of the ESS

The ESS shall be in force for a period of five (5) years commencing from the Effective Date (as defined in the By-Laws) and our Board will have the discretion upon recommendation of the ESS Committee to extend in writing the duration for another five years or such shorter period as it deems fit immediately from the expiry of the first five years, provided that the ESS does not exceed a maximum period of ten years in its entirety.

(iv) Eligibility

A director and/or employee of any company within our Group which is not dormant, shall be eligible for participation in the ESS if at the date an Offer is made in writing by the ESS Committee to him/her ("**Offer Date**"):

- (a) he/she has attained the age of 18 years old;
- (b) he/she is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

4. DETAILS OF OUR IPO (Cont'd)

- (c) he/she is employed on a full-time basis and is on the payroll of any corporation (not being dormant) in our Group for a continuous period of at least 12 months (which include any probation period) and has not served a notice to resign or received a notice of termination;
- (d) his/her employment has been confirmed in writing prior to the Offer Date and not under probationary period;
- (e) he/she is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESS Committee;
- (f) he/she is not participating or entitled to participate in any other employee share scheme or incentive scheme implemented by any other corporation which is in force for the time being provided that he/she may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee so determines; and/or
- (g) he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time,

provided always that the selection of any Eligible Individuals for participation in the ESS shall be at the sole discretion of the ESS committee, and the decision of the ESS committee shall be final and binding.

A non-executive director must not sell, transfer or assign any Shares obtained pursuant to an Offer made to him within one year from the Offer Date, as per the Listing Requirements or any prevailing applicable guidelines.

(v) Pricing

The exercise price payable by the eligible directors and eligible employees of our Group upon the exercise of their ESS Options under ESOS shall be determined by the ESS committee and in any case, shall be based on the five (5)-day volume weighted average market price of Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is no more than 10.0%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

4. DETAILS OF OUR IPO (Cont'd)

4.2.5 Share capital

Upon completion of our Listing, our share capital will be as follows:

	No. of Shares	RM
After the Pre-IPO Restructuring	281,170,000	84,351,001
To be issued under the Public Issue	77,010,000	⁽¹⁾ 98,496,600
Total upon our Listing	358,180,000	182,847,601

Note:

(1) *Calculated based on the Retail Price and after deducting the estimated listing expenses of approximately RM6,237,000 which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.*

4.2.6 Classes of shares and ranking

As at the date of this Prospectus, we have only one class of shares, being ordinary shares.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid on our Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented.

4.2.7 Priority of the offering

In the event the demand for our IPO Shares is less than 103,870,000 IPO Shares, the Public Issue shall take precedence over the Offer for Sale. The demand for our IPO Shares shall be firstly satisfied with the Issue Shares under the Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

4. DETAILS OF OUR IPO *(Cont'd)*

4.2.8 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, in order to comply with the public shareholding spread requirements under the Listing Requirements, the minimum subscription level in terms of the number of IPO Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have minimum of 25.00% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with our Listing. See Section 5.3.4 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4. DETAILS OF OUR IPO (Cont'd)

4.3 SELLING SHAREHOLDER

The Offer Shares to be offered by the Selling Shareholder and its direct shareholding in our Company before and after our IPO and its material relationship with our Group within the past three (3) years are as follows:

Name	Material relationship with our Group	After the Pre-IPO Restructuring		Offer for Sale		After our IPO	
		No. of Shares	⁽²⁾ %	No. of Shares	⁽³⁾ %	No. of Shares	⁽³⁾ %
MSH ⁽¹⁾	Promoter and substantial shareholder	281,170,000	100.00	26,860,000	7.50	254,310,000	⁽³⁾ 71.00

Notes:

- (1) LCY and LHC who are also the Promoters, our Directors and key senior management are directors and substantial shareholders of MSH.
- (2) Based on our enlarged issued Shares after the Pre-IPO Restructuring of 281,170,000 ATech Shares.
- (3) Based on our enlarged issued Shares upon our Listing of 358,180,000 ATech Shares.
- (4) MSH had provided a charge over its entire shareholding in BCM Electronics in favour of Maybank for the term loan facility it had obtained from Maybank which has since been discharged to facilitate the completion of the Pre-IPO Restructuring. In turn, a new charge over 254,310,000 Shares, being the remaining Shares held by MSH after excluding the Offer Shares, has been provided by MSH to Maybank prior to the registration of this Prospectus with the SC. The new charge will be uplifted upon settlement of the term loan facility by MSH using the proceeds from the Offer for Sale on the date of our Listing.

4. DETAILS OF OUR IPO (Cont'd)

4.4 DISTRIBUTION

Upon expiry of the moratorium period, being six (6) months after the date of our Listing, MSH intends to undertake a distribution in-specie of such number of Shares to its shareholders.

The Distribution will involve a selective capital reduction and cancellation of 3,447,167 MSH Shares, representing 68.94% of the total issued MSH Shares and will be settled via the distribution in-specie of 175,329,800 Shares ("**Distribution Shares**"), representing 48.95% of our total number of issued Shares upon completion of our Listing held by MSH to its shareholders in accordance with Sections 116 and 117 of the Act. The balance 78,980,200 Shares, representing 22.05% of our total number of issued Shares upon our Listing, will continue to be held by MSH to enable MSH to continue to operate as an investment holding company.

The Distribution Shares will be distributed to the shareholders of MSH in the following manner:

- (i) 114,439,200 Shares, representing 31.95% of our total number of issued Shares upon our Listing, to MSL, Pixel Advisers and Titanium in proportion to their effective equity interest in our Company, as follows:

Shareholder	No. of our Shares to be received	% of our total number of issued Shares upon our Listing
MSL	76,292,400	21.30
Pixel Advisers	25,431,100	7.10
Titanium	12,715,700	3.55
Total	114,439,200	31.95

Upon completion of the Distribution, MSL, Pixel Advisers and Titanium will cease to be shareholders of MSH; and

- (ii) the remaining 60,890,600 Shares, representing 17.00% of our total number of issued Shares upon completion of our Listing, to LCY and LHC on equal basis, as follows:

Shareholder	No. of our Shares to be received	% of our total number of issued Shares upon our Listing
LCY	30,445,300	8.50
LHC	30,445,300	8.50
Total	60,890,600	17.00

Upon completion of the Distribution, LCY and LHC will remain as shareholders of MSH, holding 776,417 MSH Shares each, representing 50.00% of the total number of issued MSH Shares.

4. DETAILS OF OUR IPO (Cont'd)

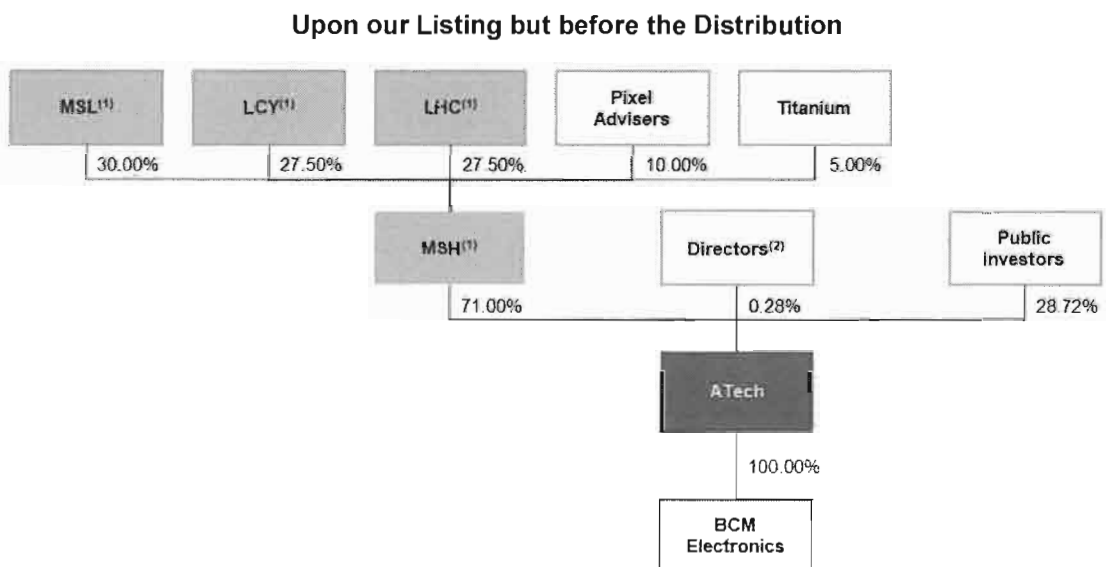
The following table sets out direct and indirect shareholding of the Promoters and our substantial shareholders before and after the Distribution:

	Upon our Listing but before the Distribution				After the Distribution			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
	'000		'000			'000		
Promoters and substantial shareholders								
MSH	254,310	71.00	-	-	78,980	22.05	-	-
LCY	(2)100	0.03	(3)254,310	71.00	30,545	8.53	78,980	(3)22.05
LHC	(2)100	0.03	(3)254,310	71.00	30,545	8.53	78,980	(3)22.05
Substantial shareholders								
MSL	-	-	(3)254,310	71.00	76,292	21.3	78,980	(3)22.05
Pixel Advisers	-	-	-	-	25,431	7.10	-	-
TCH	-	-	-	-	-	-	(4)25,431	7.10

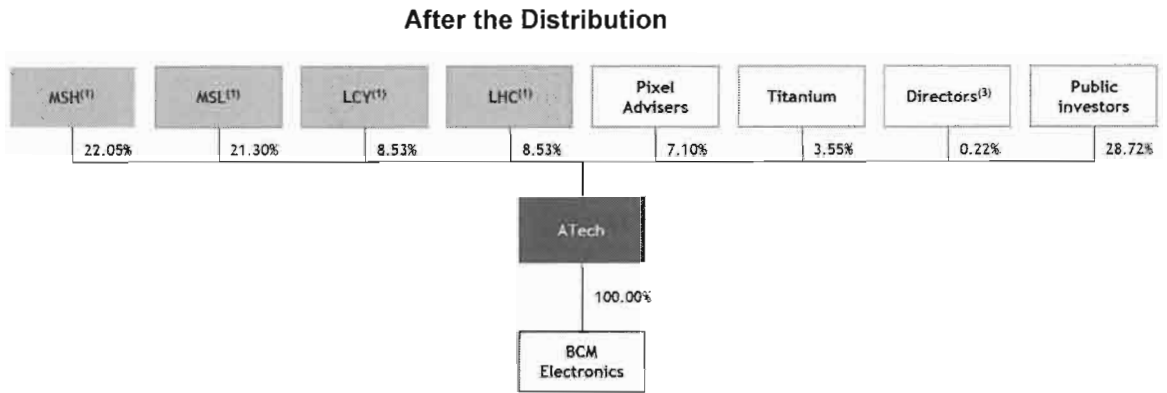
Notes:

- (1) Based on our enlarged issued Shares upon our Listing of 358,180,000 ATech Shares.
- (2) Assuming full subscription of the Issue Shares allocated to both Directors under the allocation for the Eligible Persons under the Retail Offering.
- (3) Deemed interested by virtue of his/its interest in our Company via MSH pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his interest in our Company via Pixel Advisers pursuant to Section 8(4) of the Act.

The corporate and shareholding structure of our Group before and after the Distribution are as follows:



4. DETAILS OF OUR IPO (Cont'd)



Notes:

- (1) Assuming full subscription of the Issue Shares allocated to our Directors under the allocation for the Eligible Persons under the Retail Offering.
- (2) Excluding LCY and LHC.

4.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

4.5.1 Retail Price

The Retail Price was determined and agreed upon by our Directors and the Selling Shareholder in consultation with the Sole Bookrunner, after taking into consideration the following factors:

- (i) PE multiple of approximately 32.4 times based on our Group's net EPS of 4.2 sen after taking into account our Group's PAT of RM15,095,511 for the FYE 31 January 2021 and our enlarged issued Shares upon our Listing of 358,180,000 ATech Shares;
- (ii) our Group's expected continued growth with the increase in our annual production capacity for semiconductor component manufacturing from 2,568 million placement points as at the LPD to 4,494 million placement points by end of year 2023, the details of which are set out in Section 7.4.1 of this Prospectus;
- (iii) our competitive strengths, as follows:
 - (a) we provide a one-stop manufacturing solution for industrial electronic products;
 - (b) we have an established track record of 28 years and have evolved our skills and facilities to meet the needs of the electronics industry;
 - (c) we have the expertise, facility and trained technical personnel certified to carry out high melting point and gold soldering;
 - (d) our geographical coverage across 10 foreign markets provides us with the platform to continue to address export market opportunities;

4. DETAILS OF OUR IPO (Cont'd)

- (e) we have quality programmes and certifications including ATEX certification to substantiate our commitment to product and service quality;
 - (f) we have MES and abilities to develop customised test programmes, which enable us to provide value added services to our customers; and
 - (g) we have experienced management and technical team to lead, manage and grow our business and a succession plan in place;
- (iv) our future plans and strategies, as follows:
- (a) expansion into semiconductor component manufacturing services for multicomponent IC in the form of IoT module for wireless machine-to-machine communications which is currently supported by our three (3) dedicated production lines which comprise three (3) SMT lines, three (3) AGVs, and two (2) sets of automated backend inline testing and packing. As part of our strategies, we envisage having a total of seven (7) production lines by end of 2023 to expand our facilities to cater for expected business growth from our existing customer.
 - (b) expansion of our production facilities which will involve the construction of a new manufacturing plant with a proposed footprint of 61,909 sq. ft. which will increase our manufacturing floor space by approximately 69% to 132,821 sq. ft. upon its expected commencement of production by end 2021. Together with the new manufacturing plant and expansion of production lines, our manufacturing plants will house a total of 15 SMT lines by end 2023 and our annual capacity will increase to 5,870 million placement points by end 2023;
 - (c) upgrade of our manufacturing facilities towards Industry 4.0, as follows:
 - automation of material handling, testing and packing in our production lines through the deployment of frontend SMT and backend testing and packing, and using AGV for automated material handling; and
 - development and implementation of customised software and systems for factory automation to create a network to link the manufacturing facilities including smart warehousing system and production operations, and
 - (d) development and introduction of new product, namely the lithium-ion battery pack system for use in light vehicles;
- (v) projected global growth of the semiconductor and electronics market in the near term which will drive demand for electronic manufacturing that will provide market opportunities for EMS providers in Malaysia, including our Group as described in Section 8 of this Prospectus; and
- (vi) prevailing market conditions which include, among others, the market performance of key regional indices and companies involved in business similar to ours listed on Bursa Securities, current market trends and investors' sentiments.

4. DETAILS OF OUR IPO (Cont'd)

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date and will be the lower of:

- (a) the Retail Price; or
- (b) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. Further details of the refund mechanism are set out in Section 4.5.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price.

The Final Retail Price and the Institutional Price are expected to be announced within two (2) Market Days from the Price Determination Date via Bursa Securities' Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

4.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process commences from 29 November 2021 to 3 December 2021. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Sole Bookrunner on the Price Determination Date.

4.5.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund will be made:

- (i) in the form of cheques which will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or
- (ii) by crediting into the accounts of the successful applicants with the Participating Financial Institutions for applications made via the Electronic Share Application; or
- (iii) by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via the Internet Share Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk. See Section 15.9 of this Prospectus for further details of the refund mechanism.

4.5.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM487.12 million.

4. DETAILS OF OUR IPO (Cont'd)

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider the risk factors as set out in Section 5 of this Prospectus before deciding to invest in our Shares.

4.6 DILUTION

4.6.1 NA per Share

Dilution is the amount by which the price paid by retail, institutional and selected investors for our Shares exceeds our pro forma combined NA per Share after our IPO.

The following table illustrates the dilution effect on our pro forma combined NA on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

	RM
Final Retail Price / Institutional Price	1.36
Pro forma combined NA per Share as at 31 August 2021 after adjusting for the Pre-IPO Restructuring and pre-IPO dividend	0.34
Pro forma combined NA per Share as at 31 August 2021, after adjusting for the Pre-IPO Restructuring, pre-IPO dividend, the Public Issue and the use of the proceeds from the Public Issue	0.54
Increase in pro forma combined NA per Share to our existing shareholders	0.20
Dilution in the pro forma combined NA per Share to retail/institutional and selected investors	0.82
Dilution in the pro forma combined NA per Share to retail or institutional and selected investors as a percentage of the Retail Price/Institutional Price	60.29%

Save for the issuance of our Shares at an issue price of RM0.30 per Share to MSH as settlement of the consideration for the Pre-IPO Restructuring, none of our substantial shareholders, Directors, key senior management or persons connected to them had acquired, obtained the rights to acquire and/or subscribe for our Shares in the past three (3) years up to the LPD.

4. DETAILS OF OUR IPO (Cont'd)

4.6.2 Effective cost per Share

Our substantial shareholders, Directors, key senior management or persons connected to them had acquired, obtained the right to acquire and/or subscribe for MSH Shares in the past three (3) years up to the LPD and their respective effective cost per Share following the Distribution are set out below:

			(A) Total consideration for MSH Shares RM	(B) No. of our Shares to be held after the Distribution	(C) = (A)/(B) Effective cost per Share RM
	Date of investment	No. of MSH Shares			
Substantial shareholders of MSH					
Pixel Advisers	⁽¹⁾ 19 February 2021	500,000	*4,893,000	25,431,100	0.19
MSL	⁽²⁾ 8 October 2019	200,000	*3,024,000	76,292,400	0.04
Founding MBO Members					
Titanium	⁽³⁾ 19 February 2021	250,000	260,000	12,715,700	0.02

Notes:

* Conversion based on the reference rate of RM4.20/USD, based on the middle rate prevailing at 12.00 p.m. on 1 October 2019 published by Bank Negara Malaysia of RM4.1920/USD.

(1) Acquired from LCY and LHC for USD1,165,000 pursuant to the exercise of an option under an exchangeable debt facility issued by MSL to TCH. Pixel Advisers is wholly-owned by TCH. Pixel Advisers will become our substantial shareholder after the Distribution.

(2) Acquired from SEAF (on behalf of JSEAF Fund) for USD720,000.

(3) Acquired from LCY and LHC. Titanium is owned by the Founding MBO Members.

Upon expiry of the moratorium period, being six (6) months after the date of our Listing, MSH intends to undertake the Distribution which will result in the above parties to directly hold our Shares. See Sections 4.4 and 9.1.2(i) of this Prospectus for further details on the Distribution and background information on MSH, respectively.

4. DETAILS OF OUR IPO (Cont'd)

4.7 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting of up to RM104.73 million⁽¹⁾ in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Purchase of new machinery and equipment	Within 24 months	40,000	38.2
Repayment of borrowings	Within 6 months	29,520	28.2
Working capital	Within 36 months	28,129	26.9
Estimated expenses for our IPO and our Listing	Within 6 months	7,085	6.7
Total		104,734	100.0

Note:

(1) We have assumed that the Institutional Price and Final Retail Price will be equal to the Retail Price.

Further details on the use of proceeds from the Public Issue are as follows:

4.7.1 Purchase of new machinery and equipment

We intend to use RM40.00 million of the proceeds raised from the Public Issue to purchase new machinery and equipment as part of our on-going and future expansion plans for semiconductor component manufacturing for Customer F as set out below:

	No. of unit	Total estimated cost RM'000
Machinery and equipment for semiconductor component manufacturing		
- SMT lines	3	27,900
- AGVs	3	2,100
- Automated backend inline testing and packing	1	*700
Machinery and equipment for industrial electronic manufacturing		
- SMT line	1	9,300
Total		40,000

Note:

* The total cost for one set of automated backend inline testing and packing machinery and equipment for the manufacturing of semiconductor component is estimated at RM4.0 million. The remaining cost of RM3.3 million will be funded via internally generated funds and/or bank borrowings.

4. DETAILS OF OUR IPO (Cont'd)

(i) Machinery and equipment for semiconductor manufacturing

We are in the midst of expanding our production facilities to meet future growth and demand, and support our future business. The expansion of our production facilities involves the construction of a new manufacturing plant consisting of a single storey building with a proposed built-up area of 61,909 sq. ft. which will increase our manufacturing floor space for EMS operations by approximately 69% to 132,821 sq. ft. in total. As at the LPD, we have commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to the Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from the MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

Our Group has commenced semiconductor component manufacturing of multicomponent IC for a customer for the FYE 31 January 2021 following the successfully completion of the pre-pilot production phase in late 2019. Thereupon, we have completed and shipped a total of 3.0 million multicomponent IC to our customer up to the FPE 31 August 2021.

The new manufacturing plant will enable us to further develop our core competencies and facilitate our expansion in semiconductor component manufacturing to cater to a wider range of services covering industrial semiconductor components and electronic devices.

As at the LPD, our semiconductor component manufacturing for Customer F is supported by four (4) dedicated production lines which comprise four (4) SMT lines, four (4) AGVs, and automated backend inline testing and packing. We envisage our annual capacity for semiconductor component manufacturing for Customer F to increase progressively from approximately 2,568 million placement points as at the LPD to approximately 4,494 million placement points by end of year 2023. We intend to install a total of four (4) new production lines dedicated to semiconductor component manufacturing for Customer F as set out below:

Year	No. of new production line to be installed	Expected annual capacity million placement points	Total no. of production lines	Cumulative total annual capacity million placement points
As at the LPD	-	-	4	2,568
2022	2	1,284	6	3,852
2023	1	642	7	4,494

Details of our future plans and strategies are set out in Section 7.4 of this Prospectus.

4. DETAILS OF OUR IPO (Cont'd)**(ii) SMT lines for semiconductor manufacturing**

The three (3) new SMT lines will consist of the following machinery and equipment:

Type of machinery and equipment	Estimated cost
	RM'000
Pick and place machines	14,200
Inspection machines including automated optical inspection (AOI), x-ray and post inspection machines	5,100
Reflow ovens	1,500
Screen printer and other printing machines	1,400
Router machines	1,200
Solder paste inspection machines	1,000
Laser marking machines	800
Metal shielding placer	700
Others ⁽¹⁾	2,000
Total	27,900

Note:

(1) Includes glue dispenser machine, conveyor systems and ancillary equipment.

(iii) AGVs

The AGV, a self-navigation vehicle, will enable us to automate our material handling involving the loading and unloading processes of material in our SMT lines which will among others, facilitate the handling of electrostatic sensitive components, eliminate human error as we are able to reduce the use of manual labour, and improve the timeliness, efficiency and safety of transporting materials in the production area. Details of the automated material handling system are set out in Section 7.4.2(b) of this Prospectus.

(iv) Automated backend inline testing and packing

Every semiconductor component production line comprises of one (1) set of two (2) automated backend inline testing and packing for each of the SMT line. The automated backend inline testing consists of multiple stations that use robotic arms to perform various final product testing. Once the products are fully tested, they are passed over to the inline packing station and will be automatically packed ready for storage and delivery. As part of our future expansion plans for the three (3) new production lines, we will invest in one (1) set of automated backend inline testing and packing machinery and equipment whilst the other two (2) sets will be provided by Customer F. The total cost of one (1) set of automated backend inline testing and packing machinery and equipment is estimated at RM4.0 million, of which RM0.7 million will be funded via the proceeds from the Public Issue and RM3.3 million will be funded via internally generated funds and/or bank borrowings.

4. DETAILS OF OUR IPO (Cont'd)**(v) Machinery and equipment for industrial electronic manufacturing**

As part of our strategies, we intend to further expand our EMS for industrial electronics where we plan to invest in one (1) new SMT line by January 2023. The estimated capacity of the new SMT line is 642 million placement points. We envisage our total annual capacity for industrial electronic manufacturing to increase from 1,002 million placement points as at the LPD to 1,644 million placement points by 2023 as set out below:

Year	No. of new production line to be installed	Expected annual capacity	Total no. of production lines	Cumulative total annual capacity
		million placement points		million placement points
As at the LPD	-	-	7	1,002
2023	1	642	8	1,644

The new SMT line will consist of the following machinery and equipment:

Type of machinery and equipment	Estimated cost
	RM'000
Pick and place machines	4,733
Inspection machines including automated optical inspection (AOI), x-ray and post inspection machines	1,700
Reflow ovens	500
Screen printer and other printing machines	467
Router machines	400
Solder paste inspection machines	333
Laser marking machines	267
Metal shielding placer	233
Others ⁽¹⁾	667
Total	9,300

Note:

(1) Includes glue dispenser machine, conveyor systems and ancillary equipment.

The total cost for the purchase of one (1) SMT line is estimated at RM9.3 million, which will be funded via the proceeds from the Public Issue.

4. DETAILS OF OUR IPO (Cont'd)

The total estimated cost of machinery and equipment includes the purchase cost of the machinery and equipment and any other costs incurred to bring the machinery and equipment to the location and condition needed for it to operate in the manner we intended including, among others, delivery cost, site preparation, installation and assembly, testing and professional fees. Any excess funds from the amount allocated for this purpose will be used to meet the working capital requirements of our Group. However, in the event the allocated amount is insufficient for the purchase of new machinery and equipment, such shortfall will be funded by internally generated funds and/or bank borrowings.

4.7.2 Repayment of borrowings

As at the LPD, our Group's total borrowings is approximately RM131.82 million, all of which are interest bearing, as set out below:

Type of borrowing (in order of repayment priority)	RM'000
Term loans ⁽¹⁾	26,921
Finance lease liabilities ⁽²⁾	6,288
Revolving credit ⁽³⁾	10,000
Bankers' acceptance and OFCL ⁽³⁾	88,611
Total	131,820

Notes:

(1) *Mainly used as source of fund for the payment of dividend in the FYE 31 January 2020 and the purchase of machinery and equipment amounting to RM33.0 million and RM7.1 million, respectively. The term loan amounting to RM33.0 million for the payment of dividend was granted by Maybank ("Maybank Term Loan") whereas the term loan for the purchase of machinery and equipment of RM7.1 million was granted by another licensed financial institution in Malaysia ("M&E Term Loan"). For the avoidance of doubt, the aforementioned payment of dividend was paid out of BCM Electronics' retained earnings in accordance with Section 131(1) of the Act.*

We have commenced the repayment of the Maybank Term Loan and the M&E Term Loan in accordance with their respective repayment terms since April 2021 and December 2020, respectively. As at the LPD, the outstanding amount for the Maybank Term Loan and the M&E Term Loan are RM21.0 million and RM5.9 million, respectively.

(2) *Mainly used for the purchase of motor vehicles and machinery and equipment. The finance lease liabilities amounting to RM12.0 million was granted by Maybank.*

(3) *Mainly used for working capital purposes. The revolving credit with a limit of RM10.0 million was granted by Maybank, while the bankers' acceptance and OFCL with limit of RM65.0 million and RM30.0 million were granted by Maybank and Maybank Islamic respectively.*

4. DETAILS OF OUR IPO (Cont'd)

The maturity profile and average effective interest rates of our borrowings as at the LPD are set out below:

	OFCL	Bankers' acceptance	Term loan	Finance lease liabilities	Revolving credit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Within 1 year	68,445	20,166	22,339	1,671	10,000	122,621
More than 1 year and less than 2 years	-	-	1,412	1,658	-	3,070
More than 2 year and less than 5 years	-	-	3,170	2,959	-	6,129
Total	68,445	20,166	26,921	6,288	10,000	131,820
Average effective interest rates (%)	1.20 to 2.70		4.67 to 5.00	1.88 to 3.05	3.16	

We intend to use RM29.5 million of the proceeds raised from the Public Issue together with internally generated funds to repay the total outstanding amount of the Maybank Term Loan, the M&E Term Loan and the finance lease liabilities upon our Listing. Accordingly, there will not be any outstanding amount due for the Maybank Term Loan, the M&E Term Loan and the finance lease liabilities following the full repayment of such borrowings.

The full repayment of such borrowings is expected to have a positive financial impact on our Group with interest saving of approximately RM1.38 million per annum based on the effective rate of approximately 4.67%. See Section 12.2.12(iii) of this Prospectus for further details on our borrowings.

4.7.3 Working capital

We plan to use approximately RM28.13 million of the proceeds from the Public Issue to finance our Group's day-to-day operational requirements to support our existing business operation as well as the expected growth in our scale of operation in tandem with our expansion into the semiconductor component manufacturing services for multicomponent IC for IoT applications. Details of our operational expenses are as follows:

Details of operational expenses	RM'000
Purchase of raw materials for our EMS operations	25,129
Operating expenses ⁽¹⁾	3,000
Total	28,129

Note:

(1) Comprises utilities expenses which are water and electricity costs.

4. DETAILS OF OUR IPO (Cont'd)

4.7.4 Estimated expenses for our IPO and our Listing

The estimated expenses and fees for our IPO and our Listing to be borne by us amounting to approximately RM7.1 million are as follows:

Details of expenses	RM'000
Professional fees	3,131
Underwriting commission, brokerage and placement fees	3,106
Other fees and expenses such as printing and advertising in connection with our IPO and our Listing	848
Total	7,085

In the event of a surplus/deficit in the allocated amount for the estimated expenses for our IPO and our Listing, such variance will be adjusted to/from the proceeds allocated for working capital.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM36.53 million will accrue entirely to the Selling Shareholder. The Selling Shareholder will bear its own expenses including, but not limited to, the placement fee in relation to the Offer for Sale which is estimated to be approximately RM1.0 million.

Pending the use of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds from the Public Issue or the balance thereof (including accrued profit, if any) in profit-bearing accounts with licensed financial institutions in Malaysia and/or in money-market deposit instruments/funds.

4.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.8.1 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Sole Underwriter has agreed to underwrite the Issue Shares under the Retail Offering, for an underwriting commission of 2.5% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.8.2 Brokerage fee

We will pay the brokerage fee in respect of the Issue Shares under the Retail Offering, at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Sole Bookrunner is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholder.

4. DETAILS OF OUR IPO (Cont'd)

4.8.3 Placement fee

The Selling Shareholder for the Offer Shares and us for the Issue Shares will pay the Sole Bookrunner a placement fee and selling commission of up to 2.5% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian institutional and selected investors in accordance with the terms of the Placement Agreement.

4.9 DETAILS OF UNDERWRITING AND PLACEMENT

4.9.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Sole Underwriter to underwrite 22,909,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.8.1 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

Unless waived by the Sole Underwriter, who has agreed to underwrite 22,909,000 of the Issue Shares under the Retail Offering, the underwriting obligations of the Sole Underwriter are subject to certain conditions precedent which must be fulfilled or waived on or before the closing date of the Retail Offering as stated in this Prospectus or such later date as may be agreed in writing by the Sole Underwriter.

The Sole Underwriter may by notice to our Company given at any time before the date of Listing, terminate, cancel and withdraw their respective underwriting commitment if:

- (a) there is any breach by our Company of any of the obligations contained in the Retail Underwriting Agreement or there is an occurrence of any event or discovery of any fact or circumstances rendering any of the warranties or undertakings set out in the Retail Underwriting Agreement untrue, inaccurate, incorrect, misleading or breached or ceases to be true, accurate and correct or becomes misleading, in any respect;
- (b) our Company withholds any material information from the Sole Underwriter, which, in the opinion of the Sole Underwriter, would have or could be expected to have a material adverse effect (including any prospective material adverse effect) or material adverse change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following: (a) the condition (financial, business, operations or otherwise), contractual commitments, management, general affairs, business, assets, liquidity, liabilities, prospects, earnings, shareholders equity, properties, or results of operations of our Company or our Group taken as a whole; (b) the ability of our Company and/or the Selling Shareholder to perform in any respect the obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the Placement Agreement or the Retail Underwriting Agreement; (c) the ability of our Company or BCM Electronics to conduct its businesses and to own or lease its assets and properties as described in this Prospectus; or (d) our IPO including but not limited to the success of our IPO or the distribution or the sale of our IPO Shares pursuant to our IPO ("**Material Adverse Effect**");

4. DETAILS OF OUR IPO (Cont'd)

- (c) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Sole Underwriter by reason of force majeure which, in the opinion of the Sole Underwriter, would have or can be expected to have, a Material Adverse Effect or which would have or is likely to have the effect of making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (d) there shall have occurred any government requisition or other events whatsoever which, in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect;
- (e) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Sole Underwriter would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
- (i) on or after the date of the Retail Underwriting Agreement; and
 - (ii) prior to the closing date of the Retail Offering,
- lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- (f) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading in securities is imposed for three (3) consecutive Market Days or more;
- (g) there shall have announced or carried into force any new law or change in law in any jurisdiction, interpretation or application by any court or the relevant authorities, including but not limited to the SC, Bursa Securities, CCM and MITI, which in the opinion of the Sole Underwriter may (i) have a Material Adverse Effect or (ii) prejudice the success of our IPO or our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer our IPO Shares or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (h) the Institutional Offering and/or the Retail Offering is stopped or delayed by the Company or any relevant authorities, including but not limited to the SC, Bursa Securities, CCM and MITI, for any reason whatsoever (unless such delay has been approved by the Sole Underwriter);
- (i) the closing date of the Retail Offering does not occur by 16 December 2021 or such other extended date as may be agreed in writing by the Sole Underwriter;
- (j) our Listing does not take place by 30 December 2021 or such other extended date as may be agreed in writing by the Sole Underwriter;

4. DETAILS OF OUR IPO (Cont'd)

- (k) any commencement of legal proceedings or action against any member of our Group or any of our directors, which in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (l) any one of the Retail Underwriting Agreement, the Placement Agreement and each of the lock-up letters issued or to be issued by the Company, LCY, LHC, MSL and the Selling Shareholder in favour of the Sole Bookrunner (i) having been terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation which, in the opinion of the Sole Underwriter, would have or likely to have a Material Adverse Effect;
- (m) any of the resolutions or approvals referred to in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that, in the opinion of the Sole Underwriter, would have or is likely to have a Material Adverse Effect;
- (n) in the event our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Underwriter;
- (o) if the SC or any other relevant authorities, including but not limited to Bursa Securities, CCM and MITI, issues an order pursuant to Malaysian law such as to make it impracticable to market our IPO or the enforce contracts to allot and/or transfer our IPO Shares;
- (p) any statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would, if this Prospectus were to be issued at that time, constitute a material omission therefrom;
- (q) any change or development or an announcement of change or development in Malaysian taxation laws, regulations and/or guidelines which, in the opinion of the Sole Underwriter, would have or likely to have a Material Adverse Effect;
- (r) in the event a banking moratorium has been declared by the relevant authorities in Malaysia, including but not limited to the SC, Bursa Securities, CCM and MITI, or a disruption of commercial banking activities or securities settlement or clearance services has occurred in Malaysia; or
- (s) any other event in which a Material Adverse Effect has occurred or which in the opinion of the Sole Underwriter is likely to occur.

4.9.2 Placement

We, LCY, LHC and the Selling Shareholder expect to enter into the Placement Agreement with the Sole Bookrunner for the placement of up to 80,961,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus. We, LCY, LHC and the Selling Shareholder will be requested to give various representations, warranties and undertakings, and to indemnify the Sole Bookrunner against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.9.1 of this Prospectus.

4. DETAILS OF OUR IPO (Cont'd)

4.9.3 Lock-up arrangements

- (i) We have agreed that, subject to offerings under our IPO, we shall not without the prior written consent of the Sole Bookrunner, to the extent applicable to us, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:
 - (a) issue, allot, offer, sell, contract to sell, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, create any encumbrance, transfer, or dispose, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares) regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
 - (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities;
 - (d) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above; or
 - (e) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares.

4. DETAILS OF OUR IPO (Cont'd)

- (ii) The Selling Shareholder has agreed that, subject to offerings under our IPO, it shall not without the prior written consent of the Sole Bookrunner, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:
- (a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares) (i) held by it as at the date of the lock-up letter, (ii) acquired by it after the date of the lock-up letter and until and including the date of our Listing, other than (iii) our Shares being offered and sold by the Selling Shareholder in connection with our IPO and our Shares which are the subject of ESOS Options and/or ESGP Shares as referred to below (our Shares referred to in (i) and (ii), excluding (iii), shall be referred to as the “**Relevant Shares**”), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
 - (c) deposit any of the Relevant Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities;
 - (d) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Relevant Shares;
 - (e) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (d) above; or
 - (f) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares.

The restrictions in Sections 4.9.3(i) and (ii) above do not apply to (1) the grant of ESOS Options and/or ESGP Shares after the date of our Listing, and, upon their exercise, our Shares offered, issued and/or allotted to our eligible directors and eligible employees of our Group, in accordance with the ESS; and (2) our Shares that are issued or sold pursuant to our IPO.

4. DETAILS OF OUR IPO (Cont'd)

The restrictions in Sections 4.9.3(ii) above do not apply to a charge of up to 254,310,000 Shares in favour of Maybank as security in relation to the Selling Shareholder's borrowing with Maybank.

- (iii) LCY and LHC have agreed that, subject to offerings under our IPO, they shall not without the prior written consent of the Sole Bookrunner, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:
- (a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any MSH Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for MSH Shares or are substantially similar to, the MSH Shares) (i) held by LCY or LHC as at the date of the lock-up letter and (ii) acquired by LCY or LHC after the date of the lock-up letter and until and including the date of our Listing, regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the MSH Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the MSH Shares), regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;
 - (c) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by LCY or LHC which is directly, or through another company or other entity indirectly, the beneficial owner of the MSH Shares;
 - (d) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above;
 - (e) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, the Shares) acquired by LCY or LHC upon the date of our Listing, regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;

4. DETAILS OF OUR IPO (Cont'd)

- (f) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares), regardless of whether any such transaction is to be settled by the delivery of Shares or such other securities, in cash or otherwise;
 - (g) deposit any of the Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities;
 - (h) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Shares;
 - (i) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (e) to (h) above; or
 - (j) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of the Shares.
- (iv) MSL has agreed that, subject to offerings under our IPO, it shall not without the prior written consent of the Sole Bookrunner, for a period from the date of the lock-up letter until the date falling six months from the date of our Listing, directly or indirectly:
- (a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any MSH Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for MSH Shares or are substantially similar to, the MSH Shares) (i) held by it as at the date of the lock-up letter and (ii) acquired by it after the date of the lock-up letter and until and including the date of our Listing, regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;
 - (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the MSH Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the MSH Shares), regardless of whether any such transaction is to be settled by the delivery of MSH Shares or such other securities, in cash or otherwise;
 - (c) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the MSH Shares;

4. DETAILS OF OUR IPO (Cont'd)

- (d) agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) to (c) above; or
- (e) take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of the Shares.

4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

5. RISK FACTORS

AN INVESTMENT IN OUR SHARES INVOLVES A NUMBER OF RISKS, MANY OF WHICH ARE BEYOND OUR CONTROL. YOU SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS PROSPECTUS, INCLUDING THE RISKS DESCRIBED BELOW, BEFORE DECIDING TO INVEST IN OUR SHARES. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS, AND YOUR INVESTMENT IN OUR COMPANY COULD BE MATERIALLY AND ADVERSELY AFFECTED BY ANY OF THESE RISKS.

5.1 RISKS RELATING TO OUR BUSINESS

5.1.1 We are dependent on purchase orders from and agreements with our major customers for revenue and on the agreement with Customer F for our ongoing and future expansion plans

Our sales are based on purchase orders secured from our major customers from time to time. We are dependent on purchase orders from and agreements with our major customers, namely Customer A, Customer B, Customer C, Customer D and Customer E which accounted for a significant portion of our revenue for the FYE Under Review and FPE 31 August 2021. Their respective revenue contributions are summarised below:

	Length of relationship years	FYE 31 January						FPE 31 August 2021	
		2019		2020		2021		RM'000	%
Customer A ⁽¹⁾	5	101,017	28.2	114,906	29.5	129,928	35.9	59,632	29.8
Customer B ⁽²⁾	23	79,192	22.1	83,025	21.3	87,464	24.1	40,312	20.2
Customer C ⁽³⁾	14	77,686	21.7	62,133	16.0	63,355	17.5	47,657	23.8
Customer D ⁽⁴⁾	12	47,595	13.3	76,770	19.7	24,972	6.9	19,622	9.8
Customer E ⁽⁵⁾	24	15,131	4.2	18,544	4.8	23,548	6.5	9,763	4.9
Total sales		320,621	89.5	355,378	91.3	329,267	90.9	176,986	88.5
Our revenue		358,171		389,305		362,165		200,038	

Notes:

- (1) Customer A operates in the EMS industry in Malaysia and is principally involved in the assembly and manufacturing of computers, computer peripherals, electronic sub-assembly, medical, telecommunications, multimedia, consumer and renewable energy products. Customer A is a Malaysian subsidiary of a public listed company incorporated in the USA and listed on the Nasdaq Stock Market in the electronic components industry under the technology sector. Customer A's holding company is principally involved in the provision of integrated manufacturing solutions including printed circuit board assembly, components, products and services including interconnect systems and mechanical systems. Customer A's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.
- (2) Customer B operates in the communication products and services industry in the USA and is principally involved in the provision of communication infrastructure, devices, accessories, software, services and systems integration for radio and TV broadcasting and communications equipment, with more than 100,000 public safety and commercial customers in over 100 countries. Customer B is an American company listed on the New York Stock Exchange in the communication equipment industry under the technology sector. Customer B's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.

5. RISK FACTORS (Cont'd)

- (3) *Customer C operates in the wireless communications industry in the USA and is principally involved in the provision of wireless IoT communication devices including telematics, GPS asset tracking, cellular modems, wireless telemetry, and rental applications. Customer C is an American subsidiary of a public listed company incorporated in the UK and listed on the New York Stock Exchange in the scientific and technical instruments industry under the technology sector. Customer C's holding company is involved in the manufacture and distribution of electronic components including automotive sensors, motor protectors, circuit breakers, thermostats, pressure sensors and switches. Customer C's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.*
- (4) *Customer D operates in the energy services industry in Singapore and is principally involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry. Customer D is a Singaporean subsidiary of a public listed company incorporated in USA and listed on the New York Stock Exchange in the oil and gas equipment and services industry under the energy sector. Customer D's holding company is involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry, with operations in a multitude of jurisdictions. Customer D's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.*
- (5) *Customer E operates in the wireless communications industry in Germany and is principally involved in the provision of wireless, broadband, and automotive communications technologies and embedded electronic products. Customer E is a German subsidiary of Customer B. Customer E's name has not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.*

We are dependent on the following customers by their sales contribution of more than 15.0% to our revenue for any one or more years/period during the FYE Under Review and FPE 31 August 2021:

(i) Customer A

As at the LPD, Customer A has been our customer for five years. Revenue from Customer A accounted for 28.2%, 29.5%, 35.9% and 29.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

We provide EMS of communication devices to Customer A in Malaysia. Our subsidiary, BCM Electronics, had on 1 February 2016 entered into a supplier managed inventory agreement with the holding company of Customer A ("**Customer A Supplier Managed Inventory Agreement**") and pursuant to the said agreement, purchase orders are placed by Customer A for the supply of products to support inventory levels of Customer A at a hub located in Penang. See Section 7.22 of this Prospectus for the salient terms of the Customer A Supplier Managed Inventory Agreement.

We also deal with 3 related companies of Customer A which are located in Brazil and the USA. These 3 companies, together with Customer A, collectively accounted for 28.3%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

5. RISK FACTORS (Cont'd)

Customer A's manufacturing operations in Penang, Malaysia was previously operated by a company related to Customer B ("**Customer B Related Company**") and had formed part of Customer B's group's manufacturing operations in Malaysia. In February 2016, Customer A's holding company, a company incorporated in USA and listed on the Nasdaq Stock Market, acquired the said manufacturing facility in Penang from Customer B Related Company after Customer B Related Company decided to dispose of it. Following the acquisition of the manufacturing facility, our business relationship with the manufacturing operations in Penang continued with Customer A becoming our Group's new customer in place of Customer B Related Company. Notwithstanding, all the products sold by our Group to Customer A and its 3 related companies are for the purposes of Customer B's inventories.

(ii) Customer B and Customer E

As at the LPD, Customer B has been our customer for 23 years. Revenue from Customer B accounted for 22.1%, 21.3%, 24.1% and 20.2% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 October 2011 entered into a manufacturing services agreement and subsequently an amendment agreement with Customer B (collectively "**Customer B Manufacturing Services Agreement**") for the provision of EMS including procurement, assembly, test and other services. The Customer B Manufacturing Services Agreement also extends to the provision of EMS to Customer E which is a German subsidiary of Customer B. See Section 7.22 of this Prospectus for the salient terms of the Customer B Manufacturing Services Agreement.

As at the LPD, Customer E has been dealing with us for 24 years. Customer E accounted for 4.2%, 4.8%, 6.5% and 4.9% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively. Prior to establishing our relationship with Customer B and Customer E, we had already commenced business relationship with a subsidiary of Customer B in Malaysia back in 1993 for the provision of EMS.

We also deal with 3 related companies of Customer B and Customer E, which are located in Malaysia, China and Brazil. These 3 companies, together with Customer B and Customer E ("**Customer B and E Group**"), collectively accounted for 29.7%, 31.0%, 34.3% and 27.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iii) Customer C

As at the LPD, Customer C has been our customer for 14 years. Customer C accounted for 21.7%, 16.0%, 17.5% and 23.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 August 2018 entered into a manufacturing and supply agreement with Customer C ("**Customer C Manufacturing And Supply Agreement**") for the provision of EMS including procurement, assembly, testing and other services. See Section 7.22 of this Prospectus for the salient terms of the Customer C Manufacturing And Supply Agreement.

5. RISK FACTORS (Cont'd)

We also deal with a related company of Customer C which is located in Lithuania. This customer, together with Customer C, collectively accounted for 21.7%, 16.0%, 18.1% and 24.7% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iv) Customer D

As at the LPD, Customer D has been our customer for 12 years. Customer D accounted for 13.3%, 19.7%, 6.9% and 9.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 March 2016 entered into a master purchase agreement for goods and services with a related company of Customer D. Subsequently, BCM Electronics had on 1 October 2020 entered into a reinstatement, reaffirmation, ratification, amendment, and extension of master purchase agreement for goods and services with the same related corporation of Customer D (all agreements entered into with the related corporation of Customer D are collectively referred to as "**Customer D Related Co Master Purchase Agreements**"). Arising from the Customer D Related Co Master Purchase Agreements, BCM Electronics had on 17 June 2016 entered into an affiliate addendum agreement with Customer D for the provision of EMS including procurement, assembly, testing and other services by us to Customer D ("**Customer D Affiliate Addendum Agreement**"). See Section 7.22 of this Prospectus for the salient terms of the Customer D Related Co Master Purchase Agreements and Customer D Affiliate Addendum Agreement.

We also deal with a related company of Customer D which is located in USA. This customer, together with Customer D, collectively accounted for 13.7%, 20.8%, 7.9% and 11.4% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our major customers collectively contributed approximately 90% or more of our revenue in any given year/period during the FYE Under Review and FPE 31 August 2021. The loss of any of these major customers and/or purchase orders from these major customers, if not replaced, may adversely affect our business, financial condition, results of operations and prospects. In addition, although all the products sold by our Group to Customer A and its 3 related companies are for the purposes of Customer B's inventories where revenue from Customer A and its 3 related companies accounted for 28.3%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 respectively, and revenue from the Customer B and E Group collectively accounted for 29.7%, 31.0%, 34.3% and 27.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 respectively, there is no concentration risk as the products we sell to Customer A are all sub-assembly of different models of communication devices where Customer A would need to perform further processing, assembling, testing and packaging before selling them to Customer B whereas products we sell to the Customer B and E Group are finished products in the form of communication devices for different product models, mainly for the USA and Europe markets. Additional information on our major customers is set out in Section 7.10 of this Prospectus.

5. RISK FACTORS (Cont'd)

We have established rewarding business relationship with these major customers over the years, spanning from 5 to 24 years with a track record of meeting their requirements or quality standards along the way. We have maintained and will continuously strive to meet our customers' expectations by paying close attention to their feedback and working in tandem with their requirements to further improve the quality of our products and services.

As at the LPD, we have entered into agreements (including but not limited to supplier managed inventory agreement, manufacturing services agreement and manufacturing and supply agreement as stated above) with our major customers or the holding company of our major customers, and such agreements set out basic terms and conditions regulating our business relationships with each of our major customers during specified period. Pursuant to the agreements, our major customers will issue purchase orders to us for specified manufacturing services for the duration of the contracts, as and when they require.

In addition, we have entered into an electronics manufacturing services agreement dated 1 August 2019 with Customer F pursuant to which we will provide the semiconductor component manufacturing services, in particular multicomponent IC products, namely IoT modules that are used for machine-to-machine communications using wireless technology to support various frequency bands including but not limited to 2G, 3G, 4G, 5G, Wifi and others, to Customer F. Customer F operates in wireless communications industry and is principally involved in design, production, R&D and sales services of wireless communication modules and solutions in the IoT field, and the company is incorporated in China. Customer F is a public listed company which is listed on the Shanghai Stock Exchange with its headquarters in China. As at the LPD, our planned capital expenditure for the on-going and future expansion plans which are for the semiconductor component manufacturing for Customer F is estimated at RM34.0 million.

As for our on-going expansion plans, Customer F will also provide another two (2) sets of automated backend inline testing and packing to be incorporated into the two (2) production lines which will tie into our ongoing expansion plans. There is no term in the agreement which we have entered into with Customer F that restricts the use of these production lines which are supported by automated backend inline testing and packing machines provided by Customer F to fulfil orders solely for Customer F. Nevertheless, we are not allowed to manufacture similar products for other customers without the prior approval of Customer F.

In addition, we have placed orders for two (2) SMT lines and two (2) AGVs where the installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. As part of the future expansion plans for the three (3) new production lines, we will invest approximately RM4.0 million in one (1) set of automated backend inline testing and packing through internally generated funds, and another two (2) sets will be provided by the said customer. Accordingly, we are deemed to be dependent on Customer F. In the event of the delay in planned capital investments and/or reduction in anticipated demand from Customer F, this may adversely affect our future financial performance.

For further details of Customer F and the agreements which we have entered into with our major customers and Customer F which we are materially dependent on, see Section 7.22 of this Prospectus.

5. RISK FACTORS (Cont'd)

However, there can be no assurance that these major customers will issue new purchase orders during the validity period of the agreements or that these major customers will not cease certain product lines and/or they will extend or renew the agreements upon expiry in the future. In such events, we may lose substantial portion of our business which in turn, will have a material adverse effect on our financial condition, results of operations and prospects. As a consequence, we will need to increase sales from other existing customers and/or secure new customers to substitute the loss of sales from these major customers in a timely manner to mitigate the impact of such loss.

In addition, as an EMS provider, our business is tied to that of our major customers' business and the industry they operate in. As we have no control over the prospects and success of our major customers' business, our financial performance may be adversely affected if they lose market share, experience financial difficulty or if they face economic downturn which affects demand for their products or services.

5.1.2 We are dependent on imported input materials and any disruption in global supply chain may affect our business, results of operations and financial condition

Our manufacturing operations are dependent on imported input materials used in our business include PCBs and semiconductor components such as IC and discrete components as well as electrical, mechanical and related parts including among others, electrical connectors, electromechanical components, acoustic parts and cables and wires. We source input materials from Malaysia as well as foreign countries. Our imported input materials accounted for 75.4%, 74.8%, 70.2% and 67.8% of our purchases of input materials for the FYE Under Review and FPE 31 August 2021 respectively.

While our Group is not dependent on any single supplier, any serious and prolonged global shortage of such input materials may lead to loss of business opportunities and delay in our production. The delay in production could result in a delay in delivery to our customers which may affect our reputation and/or expose us to late delivery penalties, and in turn, lead to delay in revenue recognition and/or loss of revenue that may adversely affect our profitability as well as dampen our growth.

Further, our cost of production is dependent on the cost of input materials used, which in turn is dependent on the prevailing price trends in the market and vary between industries. Prices of input materials used may be affected by numerous factors such as macroeconomic and microeconomic factors, disasters, riots, terrorist attacks or outbreak of epidemics or pandemics.

For the FYE 31 January 2021 and FPE 31 August 2021, we faced delays in obtaining certain input materials such as PCB, capacitors, inductors, plastic components and metal parts from our suppliers as there were disruptions in the global supply chain arising from the COVID-19 pandemic. As a result, we had to delay fulfilment of sales orders to our customers for the FYE 31 January 2021 and FPE 31 August 2021. Any disruptions in the global supply chain of these input materials will adversely affect our business, results of operations and financial condition. See Section 5.2.3 of this Prospectus for further details of the risks of adverse economic conditions impacting the EMS industry due to the pandemic.

We are responsible for sourcing and procuring input materials used for the manufacturing of our customers' products based on the turnkey contracts. We may be exposed to price fluctuations in the cost of the input materials due to unavoidable time lag between the time of our commitment to our customers and our subsequent purchase of such input materials on our customers' behalf.

5. RISK FACTORS (Cont'd)

We seek to minimise our exposure to shortages of components and price fluctuations through the purchase of such components and input materials from suppliers recommended by our customers as well as sourcing supplies from other suppliers based on the concept of competitive priorities. Generally, our customers have accommodated price increases with respect to input materials, equipment and components in the provision of our EMS business.

Nevertheless, there can be no assurance that we will be able to pass on the increase in the costs of input materials to our customers, in a timely manner or at all, to avoid adverse impact on our profit margin if there is a significant increase in our input material prices. In such an event, our results of operations and financial condition may be materially and adversely affected.

According to the IMR, during the second quarter of 2021, the global E&E sector continued to experience a shortage of semiconductors such as IC due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles. The increase in demand for semiconductors was evidenced by the sales of global semiconductors which grew by 6.8% in 2020. The shortage of semiconductors has impacted the automotive market and affected its production activities since the second quarter of 2020 when the shortage of automobile chips began. In this respect, a sustained shortage of semiconductors for use in our manufactured products will have an impact on our business operations such as delay in fulfilment of sales orders.

Save for the delays of input materials as mentioned above, we have not experienced a shortage of semiconductors for our manufacturing operations as at the LPD.

5.1.3 We are subject to operational risks which may cause interruptions to our business operations

Operational risks including, but not limited to, fire outbreaks and disruption of electricity supply at our manufacturing plant may cause interruptions to our business operations.

We have taken precautionary steps through the installation of fire-resistant walls, fire hydrants, fire extinguishers and sprinkler systems at our office and factory premises. A safety committee which comprises senior management and operational staff of our Group, has been put in place and entrusted with the duty of evaluating and performing safety and security checks at the factory as well as to ensure that the security policies and control systems are strictly adhered to at all times. Factory employees are also trained on the use of firefighting equipment as well as basic firefighting techniques. Fire drills are conducted at regular intervals to ensure that employees are well prepared in the event a fire outbreak occurs.

In addition, our production process undertaken is highly automated and is therefore dependent on a consistent supply of electricity for smooth operations. The power supply to our manufacturing plant is provided by Tenaga Nasional Berhad ("**TNB**") and an independent power producer ("**IPP**"), Northern Utility Resources Sdn Bhd. As such, in the event of a disruption in the power supply from either TNB or the IPP, the necessary backup power supply will be provided by the other party.

Although we have not previously experienced any major disruptions to our manufacturing plant, any prolonged disruptions will affect our production schedules and will affect the timely delivery of our products to our customers, which may consequently affect our results of operations, financial condition and reputation.

5. RISK FACTORS *(Cont'd)*

5.1.4 We are dependent on our Executive Directors and key senior management for the continuing success of our Group

The continued success of our business is dependent, to a significant extent, on the experience, business relationship, technical expertise and industry know-how of our Executive Directors and key senior management.

Our Executive Directors, namely LCY and LHC, are involved on full time basis in the day-to-day management and operations of our Group. The in-depth knowledge of LCY on industrial automation and manufacturing, and LHC's experience in the management of financial matters, are valuable to us and our business expansion strategies. Our Executive Directors are assisted by our key senior management who also have extensive knowledge and experience in our business. Our Executive Directors and key senior management are vital for direction, leadership, business planning and development, and management of our operation, in addition to formulating and implementing strategies to drive the future of our Group.

Our continued and future success largely depends on our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. We continue to identify, train and develop talent pools at each level of management so we can fill up any key positions, as and when required. While we have put in place a management succession plan to ensure business continuity, the loss of services of any of our Executive Directors or key senior management may adversely affect our business, results of operations and financial condition if we are unable to timely replace the talents. As such, our ability to retain and continuously attract competent and experienced personnel is crucial for our continued success, future business growth and expansion.

There has been no incident of departure of any of our Executive Directors and/or key senior management which has adversely affected our business operations in the past.

5.1.5 There may be a delay in the implementation of our future plans and strategies due to prolonged Covid-19 pandemic

Our future plans include the expansion of our production facilities which comprise the following:

(i) Construction of a new manufacturing plant

As at the LPD, we have commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to the Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from the MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

5. RISK FACTORS (Cont'd)

(ii) Purchase of new machinery and equipment

As part of our on-going and future expansion plans mainly for semiconductor component manufacturing for Customer F, we have placed orders for two (2) production lines including SMT lines and AGVs, where installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. In addition, we intend to further expand our production facilities and invest in four (4) new production lines (two (2) each in 2022 and 2023) to cater to the expected business expansion and growth of our EMS services. The new production lines will consist of three (3) new lines dedicated to semiconductor components manufacturing for Customer F and one (1) new line for EMS focusing on industrial electronics. If there is any disruption due to the prolonged COVID-19 pandemic and/or restrictions resulting from the re-imposition of MCO measures, this may affect the timing for the installation of the productions lines and in turn, it may adversely affect our future growth and financial performance.

In the event of a prolonged COVID-19 pandemic and/or implementation of FMCO measures and/or increase in restrictions on MCO, this would adversely affect our ability to implement our future plans and strategies based on the timeline set out in Section 7.4 of this Prospectus. Failure to implement our future plans and strategies in a timely manner may adversely affect our business, results of operations and prospects. Nevertheless, we do not foresee that this will affect our relationship with our major customers and Customer F given the mutual dependency between our customers and us as demonstrated by our continuing business relationship with them.

5.1.6 The Promoters will be able to exert significant influence over our Company

One of the Promoters, MSH, will hold 71.0% of our enlarged issued Shares upon our Listing. As a result, all the Promoters will be able to control our business direction and management as the other Promoters, namely LCY and LHC, are the only shareholders of MSH. The Promoters may have significant influence over, among others, the election of our Directors, the timing and payment of dividends as well as having voting control over our Group. As such, the Promoters will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. We cannot assure you that the interests of the Promoters will be aligned with those of our other shareholders.

5.1.7 We are subject to credit risks based on the credit periods granted to our customers

We grant our customers credit periods of between 30 to 80 days. Our trade receivables accounted for a significant portion of our total assets for the FYE Under Review and FPE 31 August 2021, as follows:

	As at 31 January						As at 31 August 2021	
	2019		2020		2021		RM'000	%
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade receivables	102,985	41.10	92,897	37.25	100,157	35.57	71,774	23.22
Total assets	250,590		249,410		281,564		309,048	

As such, we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our Group's control.

5. RISK FACTORS (Cont'd)

If there is an occurrence of circumstances that affect our customers' ability or willingness to pay us, we may experience payment delays or default on payment. Accordingly, we will have to make allowance for doubtful debts or may be required to write-off the uncollectible trade receivables as bad debts, which may adversely affect our profitability.

Nevertheless, our major customers are multinational corporations which are either public listed companies or subsidiaries of public listed companies and these customers have maintained good payment records in their past dealings with us. Further, we conduct credit risk assessment on our new customers to assess their creditworthiness and we continuously monitor the outstanding balance and collection of our trade receivables.

There were no allowances for doubtful debts and bad debts written off which had material adverse impact on our profitability and financial performance for the FYE Under Review and FPE 31 August 2021. However, we may be required to provide allowance for doubtful debts or may be required to write-off the bad debts in the future if the need arises.

5.1.8 We are subject to foreign exchange fluctuation risks which may impact our Group's revenue and purchases

We are exposed to foreign exchange fluctuation risks as our revenue and purchases of input materials and components are principally denominated in USD and RM. This can be demonstrated by our revenue and purchases of input materials and components as shown below:

	FYE 31 January						FPE 31 August 2021	
	2019		2020		2021		RM'000	%
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue								
USD	358,022	100.0	389,043	99.9	359,415	99.2	199,934	99.9
Euro	-	-	127	#	2,231	0.6	-	-
RM	149	#	135	#	519	0.2	104	0.1
Total	358,171	100.0	389,305	100.0	362,165	100.0	200,038	100.0
Purchases								
USD	296,664	98.1	288,796	98.7	286,717	98.5	183,475	98.9
RM	4,828	1.6	1,987	0.7	2,334	0.8	1,402	0.8
Euro	462	0.2	410	0.1	479	0.2	238	0.1
Others ⁽¹⁾	420	0.1	1,314	0.5	1,421	0.5	430	0.2
Total	302,374	100.0	292,507	100.0	290,951	100.0	185,545	100.0

Notes:

Less than 0.1%;

(1) Includes JPY, GBP, SGD, AUD and CNY

As our revenue and purchases of input materials and components are largely denominated in USD, any fluctuation in USD would have an impact on our revenue from our contracts with customers, cost of sales and GP margin. See Section 12.2.22 of this Prospectus for further details of the impact of foreign exchange.

5. RISK FACTORS (Cont'd)

We currently do not use any financial instrument to hedge our exposure against transactions in foreign currencies as a significant portion of our EMS business is naturally hedged due to our sales and purchases being principally denominated in the same currency. We mitigate the exposure to the risk by maintaining a USD denominated bank account for the sales and purchases transactions denominated in USD. We also constantly monitor and review our need to hedge. Should this exposure become substantial in the future, we may need to enter into derivative contracts with financial institutions to minimise the impact of the foreign exchange fluctuation.

Nevertheless, there can be no assurance that any future fluctuation of exchange rates will not have a material and adverse effect on our financial condition. In addition, there can be no assurance that other foreign exchange administrative rule imposed or varied by the any relevant authority from time to time will not materially affect our business, results of operations and financial condition.

5.1.9 We may not have adequate insurance coverage to cover the risks related to our operations

We maintain insurance to cover a variety of risks that are relevant to our business needs and operations. As at the LPD, our Group has taken insurance with a total insured amount of up to RM258.6 million to cover among others, general liability, product liability, public liability, fire and burglary. In addition, our Group has taken insurance with a total insured amount of up to RM12.0 million per conveyance to cover cargo shipments.

As these insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events and may not necessarily cover all members of our Group, we are still exposed to the risk that the insurance coverage would be inadequate to cover the losses, damages or liabilities which we may incur in the course of our business operations or that it may not cover a particular member of our Group. Therefore, there can be no assurance that all liabilities incurred will be adequately covered by insurance and as such, claims for damages arising from our operations which cannot be sufficiently covered by our insurance policies may have an adverse effect on our financial condition or results of operations.

Further, there can be no assurance that we are sufficiently insured to cover any losses, damages or liabilities that may arise. For instance, we do not have insurance coverage for certain risks such as political risks, terrorism or war. Hence, our business may be adversely and materially affected in the event of such an occurrence where our losses and liabilities are not covered by insurance.

For the FYE Under Review and FPE 31 August 2021, we have not encountered any events that resulted in any insurance claims of a material nature.

5.1.10 We may face a shortage of labour for our factory operations

We are dependent on a broad range of human capital as we require semi-skilled operators to operate our SMT facilities. Hence, a stable work force is crucial to ensure that our operations is not interrupted, particularly in periods of high demand. Our labour costs accounted for approximately 10.2%, 10.1%, 10.1% and 11.3% of our cost of goods sold for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

5. RISK FACTORS (Cont'd)

As at the LPD, we employed 1,029 Malaysian workers. In this respect, our business operations rely entirely on Malaysian workers. In the event of any shortages of Malaysian workers, this may materially affect our business operations. As at the LPD, we also have 57 contract Malaysian workers for our factory floor who are not our employees but supplied by third parties.

Our staff force is required to attend on-the-job and classroom-based trainings to enhance their technical skills for various different tasks as part of their training and development programmes. Consequently, this provides flexibility to our staff utilisation and mitigate the effects of staff shortages as we are able to reorganise and reallocate our staff to meet the production demand, as and when required. If a sizable portion of our human capital abruptly leaves our Group without any suitable and timely replacement, our business operations and results of operations may be adversely affected.

In respect of technical personnel certified to carry out high melting point and gold soldering, we have qualified in-house trainers to train and certify new personnel in accordance with our customers' standards and requirements in the event of any departure of such skilled employees.

In addition, as part of our future plan, we will gradually upgrade our manufacturing facilities to meet Industry 4.0 standard via among others, an AGV to perform all tasks relating to the loading of input materials at the loading station of our production area. We will also progressively upgrade our SMT lines that are dedicated to our backend semiconductor components to be fully automated. These automation initiatives will reduce our dependency on human capital to operate our SMT facilities. On a 24 hours shift, one (1) SMT line requires only six (6) workers while two (2) backend lines require four (4) workers for operation. For further details of our future plans and strategies, see Section 7.4 of this Prospectus.

5.1.11 Security breaches and failure to protect our proprietary and customers' information

We face the risk of exposure of our proprietary information or exclusive information of our customers or trade secrets due to security breaches and employee negligence and/or errors. In the event we fail to protect the confidential information of our customers due to security breaches, negligence or disclosure by our employee, we may face risk of litigation or disputes as well as loss of confidence from our customers.

We have put in place several safeguards and measures to mitigate any potential security breaches which include installation of firewall systems, enforcement of authentication and user access restriction at workstations, regular examination of security logs, constant monitoring of network traffic, installation of closed circuit cameras within the manufacturing plant as well as ensuring isolation of workspace and allocating dedicated workforce for each project and/or customer, unless there is a need to reallocate our workforce due to high production demand.

As at the LPD, we have not experienced any security breaches and have not failed to protect our proprietary and customers' information which may adversely affect our business and/or reputation. Nevertheless, there can be no assurance that there will not be any security breaches in the future which may adversely affect us.

5. RISK FACTORS *(Cont'd)*

5.2 RISKS RELATING TO OUR INDUSTRY

5.2.1 We are subject to the demand and performance of the user-industries

Operators in the EMS industry produce a wide range of products across a large number of industrial and consumer user-industries, including, among others, consumer electronics such as smartphones, computers, tablets, wearables and home appliances, as well as industrial electronics such as robotics, automation, IoT devices, machinery and equipment, industrial communications, instrumentation, control devices, medical devices, and avionics. Any downturn in the performance of user-industries will have a negative impact on the demand for EMS.

We face the risk of dependency on communications and IoT products within the industrial electronics sector. Revenue from the communication and IoT products accounted for 80.0%, 77.1%, 89.5% and 83.6% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, respectively. Hence, in the event of any downturn and/or decline in demand for communication and IoT products, it would adversely affect our business, financial condition, results of operations and prospects.

5.2.2 We operate in a technological industry where we are required to compete effectively

In Malaysia, the EMS industry is diverse where operators in the industry produce a wide range of products from parts and components to finished consumer and industrial products across a wide number of end-user industries. According to the MIDA, the diversification in the industry had led to distinct clusters throughout Malaysia including northern, southern and central regions of Peninsular Malaysia. In Malaysia, we compete with operators including local small, medium and large sized enterprises, and large foreign multinational corporations with manufacturing facilities. We also compete globally with operators in foreign countries.

Operators within the industry will need to compete on a number of areas including, among others, meeting evolving technologies and trends in industrial and consumer products requiring changes in machinery and equipment, quick response to technological changes, continue to be cost competitive, maintain high quality of products and services, and supported by upskilled technical personnel as well as manufacturing systems and facilities.

If we do not stay up-to-date with technological advances and be sensitive to the market trends or if one or more of our competitors introduce products and design services that can better address customer's needs, it may adversely affect our Group's competitiveness and therefore may affect our Group's business, financial condition, results of operations and prospects.

5.2.3 The EMS industry may face adverse economic conditions due to pandemic

In 2020, the real GDP growth of the E&E industry moderated to 2.6% from 3.3% in 2019, according to the IMR. This was mainly impacted by the COVID-19 pandemic where the Government imposed various social, economic and movement restrictions that impacted on the Malaysian economy. Globally many countries also imposed various social, economic and movement restrictions that affected their economies, demand for goods and services, as well as disrupting the global supply chain. As such, a prolonged COVID-19 pandemic or occurrence of similar pandemics in the future will cause, among others, a slowdown in demand of goods and services, disruptions in supply chain and restrictions in movements of goods and people, which would have a material adverse effect on business, results of operations and financial condition of operators in the EMS industry.

5. RISK FACTORS *(Cont'd)*

See Section 7.16 of this Prospectus for further details of material interruptions to our business pertaining to COVID-19 and Section 12.2.2(e) of this Prospectus for further details of the risks arising from the prolonged COVID-19 or any other contagious or virulent diseases on our business, results of operations and financial condition.

5.2.4 We are subject to political, economic, market and regulatory considerations and occurrence of force majeure events

Any unfavourable changes and/or developments in political, economic, social and regulatory conditions in Malaysia and the foreign markets that we serve could adversely affect our business, results of operations and financial prospects. These uncertainties include, but are not limited to, changes in inflation rates, interest rates, civil unrest, terrorism, riots, expropriation, declaration of emergencies, changes in political leadership, and unfavourable changes to government policies and laws. Similarly, any prolonged economic slowdown would affect business confidence as well as public and/or private expenditure. Any economic slowdown may cause our customers to defer, reduce or terminate contracts/sales orders or reduce the price of our products/services. In addition, any changes in the fiscal and monetary policies of Malaysia or the foreign markets that we serve would also impact on our business, financial condition and results of operations, including profitability and margins. There can be no assurance that any adverse political, fiscal or monetary policies, social, regulatory or economic developments would not materially affect our business, results of operations and financial condition or the industry as a whole.

5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

5.3.1 Our Listing may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares or the price of which holders would be able to sell our Shares. Neither we, the Promoters, the Selling Shareholder and Sole Bookrunner have an obligation to make a market for our Shares or, if such market does develop, to sustain it.

Further, there can be no assurance that the market price of our Shares will reflect our operations and financial condition, our prospects or the prospects of the industry in which we operate in.

5.3.2 Our Share price and trading volume may be volatile

The market price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include, among others, the following:

- (i) trading liquidity of our Shares;
- (ii) differences between our actual financial and operating results and those expected by investors and analysts;
- (iii) changes in earnings estimates and financial analysts' recommendations;
- (iv) changes in market valuations of listed shares in general or share of companies comparable to us;

5. RISK FACTORS *(Cont'd)*

- (v) perceived prospects of our business and the industry in which we operate;
- (vi) adverse media reports regarding us or our shareholders;
- (vii) general market, political and economic conditions;
- (viii) changes in government policy, legislation or regulations;
- (ix) performance of the world exchanges and the inflow or outflow of foreign funds; and
- (x) general operational and business risks.

These factors will contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares. In addition, many of the risks described in this Prospectus could materially and adversely affect the market price of our Shares. If we are not able to declare dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share price of many companies. The share price of many companies have experienced wide fluctuations which were not always related to the operating performance of those companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

5.3.3 We cannot assure you that we will declare and pay dividends in the future

As highlighted in Section 12.5 of this Prospectus, it is the present intention of our Board to target a dividend payout ratio of 20% of our PAT attributable to owners of our Company of each financial year on a consolidated basis after taking into account working capital requirements, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. We may also not declare dividends should there be events of default occurring or that would occur with such dividend payment. The declaration of dividends is subject to the discretion of our Board and our Company's compliance with the requirement of the Act. In accordance with Section 131(1) of the Act, we can only make distribution of dividends to our shareholders out of our available profits if we are solvent. Pursuant to Section 132(3) of the Act, a company is regarded as solvent if it is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made. Additionally, as our Company is a holding company and substantially all of our operations are conducted through our subsidiary, our Company relies on dividends and other distributions from our subsidiary as our Company's principal source of income.

5.3.4 Delay in, or termination of, in our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- (i) the Sole Underwriter's exercise of its rights under the Retail Underwriting Agreement, or the Sole Bookrunner's exercise of its right under the Placement Agreement, to discharge itself of its obligations under such agreements;

5. RISK FACTORS *(Cont'd)*

- (ii) our inability to meet the minimum public shareholding spread requirement as determined by Bursa Securities of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment/transfer of our IPO Shares:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we or the Selling Shareholder shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Shares and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment/transfer of our IPO Shares and the proceeds from the Public Issue form part of our share capital:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of the Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by either (a) the sanction of our shareholders by way of a special resolution in a general meeting and supported by consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) the sanction of our shareholders by way of a special resolution in a general meeting and supported by a solvency statement from our Directors.

5.3.5 Forward-looking statements are subject to uncertainties and contingencies

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, which are forward-looking in nature, are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will subsequently materialise. Their inclusion in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 History and Background

Our Company was incorporated in Malaysia under the Act on 9 February 2021 as a private limited company under the name of Aurelius Technologies Sdn Bhd. On 8 July 2021, our Company was converted into a public limited company.

The principal activity of our Company is investment holding while BCM Electronics, our sole subsidiary, is principally involved in the provision of EMS for industrial electronics products.

BCM Electronics became a wholly-owned subsidiary of Comintel Corporation upon completion of the acquisition of the entire equity interest in BCM Electronics by Comintel Corporation from Power-One Inc. and Just Trading Sdn Bhd in conjunction with the listing of Comintel Corporation on the Second Board of Bursa Securities on 16 August 2004.

On 30 August 2017, one of the Promoters, MSH, entered into a term sheet with Comintel Corporation for the acquisition of the entire equity interest in BCM Electronics ("**MBO of BCM Electronics**"). The MBO of BCM Electronics was driven and led by LCY and LHC, being the founding shareholders of MSH and key management personnel of BCM Electronics. The duo and the Founding MBO Members believed that the MBO of BCM Electronics would enable them to direct and grow BCM Electronics further as they would have full autonomy in undertaking and pursuing new corporate and business strategies for BCM Electronics as an EMS player as well as adopting their capital management initiatives effectively.

On 19 October 2017, MSH entered into a share sale agreement in relation to the MBO of BCM Electronics with Comintel Corporation for a cash consideration of RM123.8 million (subjected to settlement of related company advances and adjustment to the purchase consideration thereof), which represented a PB multiple of approximately 1 time based on the net assets of BCM Electronics as at 31 January 2017 of RM123.7 million.

On 25 January 2018, the MBO of BCM Electronics was successfully completed and BCM Electronics became a wholly-owned subsidiary of MSH. The final purchase consideration for the MBO of BCM Electronics was RM123.8 million which was agreed upon on a willing-buyer willing seller basis.

Following the Pre-IPO Restructuring, our Company had acquired the entire equity interest of BCM Electronics from MSH for a purchase consideration of RM84,350,999.70 on 3 November 2021. Further details of the Pre-IPO Restructuring are set out in Section 6.1.3 of this Prospectus.

6. INFORMATION ON OUR GROUP (Cont'd)

6.1.2 Key developments after the MBO of BCM Electronics

Since the MBO of BCM Electronics, the following key developments have taken place:

(i) Expansion into semiconductor component manufacturing

In August 2019, BCM Electronics secured an electronics manufacturing services agreement with Customer F for the manufacturing of semiconductor components comprising multicomponent IC for IoT applications. This is a move up the manufacturing value chain as semiconductor component manufacturing precedes electronics manufacturing. We commenced full manufacturing of semiconductor components which represents a new product category for us in the FYE 31 January 2021.

As part of a new product introduction, we have an in-house dedicated team to work with Customer F to carry out the first article build covering various aspects of a new product manufacturing process such as the review of engineering documentation and machinery requirements, verification of manufacturing processes, quality verification of input materials and parts, as well as performing first article inspection. The first article inspection is required to ensure that the manufacturing process can deliver products that consistently meet specifications. This inspection involves measurement of an initial sample against specifications and conducting various tests including checking that correct components are used, components are in their respective locations and are positioned correctly. The entire first article build process typically takes up to two (2) months for each new product and will require working closely with the customer that can facilitate better production planning and scheduling to optimise machine and equipment usage. To this end, the new product manufactured through this first article build process was sent for reliability testing by Customer F before we could commence mass production of the new product.

Our Group's semiconductor component manufacturing is currently supported by three (3) recently installed dedicated SMT lines for Customer F. The dedicated SMT lines consist of automated frontend, from the loading of PCB until after the AOI of the post-reflow of the PCBA, and follow through to the backend automated testing and packing. We envisage that we will expand this segment by installing four (4) additional SMT lines progressively between October 2021 and 2023 to cater to semiconductor components manufacturing for Customer F.

(ii) Installation of new SMT lines

For the FYE 31 January 2018, being the FYE in which the MBO of BCM Electronics was completed, BCM Electronics' production capacity was approximately 1,141 million placement points from 10 SMT lines. However, three (3) SMT lines were decommissioned during the FYE 31 January 2020 as they have reached the end of their service/useful life but since the completion of the MBO of BCM Electronics and up to the LPD, we have installed four (4) additional SMT lines dedicated to the manufacturing of semiconductor components. For the FYE 31 January 2021, BCM Electronics' production capacity was 1,965 million placements points from nine (9) SMT lines and for the FPE 31 August 2021, BCM Electronics' production capacity was 1,350 million placements points from 10 SMT lines.

6. INFORMATION ON OUR GROUP (Cont'd)

Year/Period	No. of production line	Cumulative total annual capacity million placement point
FYE 31 January 2018	10	1,141
FYE 31 January 2019	10 ⁽¹⁾	1,299
FYE 31 January 2020	8 ⁽²⁾	1,056
FYE 31 January 2021	9 ⁽³⁾	1,965
FPE 31 August 2021	10 ⁽⁴⁾	⁽⁵⁾ 1,350

Notes:

- (1) For the FYE 31 January 2019, the annual production capacity was higher as one (1) new SMT line operated for only six (6) months in the FYE 31 January 2018.
- (2) For the FYE 31 January 2020, the annual production capacity was for seven (7) SMT lines and one (1) new SMT line which operated for only (1) one month. Three (3) SMT lines were decommissioned.
- (3) For the FYE 31 January 2021, the annual production capacity was for eight (8) SMT lines and one (1) new SMT line which operated for only six (6) months.
- (4) For the FPE 31 August 2021, the production capacity was for nine (9) SMT lines and one (1) new SMT line which operated for only seven (7) days.
- (5) Calculated based on 7-month pro-rated capacity.

Although we only have nine (9) SMT lines for the FYE 31 January 2021 as compared to 10 SMT lines at the time when the MBO of BCM Electronics was completed, BCM Electronics' production capacity has increased by approximately 72.2%, contributed by the two (2) recently installed advanced SMT lines with increased efficiency.

As part of our Group's on-going and future expansion plans, we have placed orders for two (2) production lines including SMT lines and AGVs, where the installation of the two (2) production lines was completed in August 2021 and October 2021 respectively. Accordingly, our Group has a total of 11 SMT lines as at the LPD.

As part of our Group's strategies, we intend to further expand our production facilities and invest in four (4) new production lines (two (2) each in 2022 and 2023) to cater to our business expansion and growth of our EMS services. The new production lines will consist of three (3) new lines dedicated to semiconductor components manufacturing for Customer F and one (1) new line for EMS focusing on industrial electronics. Accordingly, our Group will have a total of 15 SMT lines by end 2023.

With the new production lines, our Group's annual capacity will increase by 198.7% to 5,870 million placement points by end 2023 (FYE 31 January 2024) from 1,965 million placement points for the FYE 31 January 2021.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) Increased customer base

Since the completion of the MBO of BCM Electronics, our Group has adopted proactive sales and marketing strategies to expand our customer portfolio. Among others, our Group has focused our efforts in promoting our EMS services in various cities in the USA, China, Europe and Australia. Our Group's marketing efforts are carried out by our business development team of 10 people as at the LPD compared to five (5) people prior to the MBO of BCM Electronics. The team is headed by LHC, our Executive Director.

Our Group's business development team has been actively marketing and promoting BCM Electronics' capabilities and services through cold calls of targeted potential customers and following up on referrals including those provided by our domestic and foreign suppliers. Through our proactive marketing and sales approach, our Group successfully secured two (2) new customers from Europe and two (2) new customers from China (where one (1) being Customer F). These new customers have also enabled our Group to diversify our EMS to new product applications and industries, including EMS for power modules and power control modules for the marine industry which requires waterproofing for its products as well as radiofrequency generator used in the semiconductor industry.

(iv) Integration of MES

BCM Electronics' production facility is fully integrated with its MES which was designed and developed in-house in April 2018 after the completion of the MBO of BCM Electronics. It is a real time production monitoring system that tracks our production process. The main objective of MES is to ensure that end-to-end manufacturing processes are based on pre-determined detailed workflow. This enables BCM Electronics to efficiently and effectively convert customer orders into instructions for the manufacturing process which facilitates the factory floor operators to follow these instructions on a step-by-step basis to minimise human errors through the elimination of human interventions.

The MES also enables full traceability where it can trace and identify all material movements and manufacturing processes carried out for all components and products that pass through BCM Electronics' production facility. We can remotely check the status of the purchase orders in real time from anywhere in the world. Most customers can also check the quality of production performed through various machine-generated reports.

6.1.3 Pre-IPO Restructuring

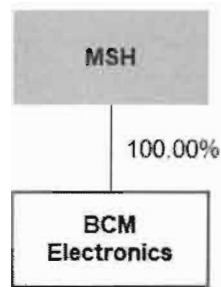
On 20 July 2021, we entered into a conditional share sale agreement with MSH, being the Promoter and our substantial shareholder to acquire the entire equity interest in BCM Electronics comprising 32,869,878 ordinary shares ("**BCM Electronics Sale Shares**") for a purchase consideration of RM84,350,999.70 which represents a PB multiple of approximately 1 time of the audited NA of BCM Electronics as at 31 January 2021 of approximately RM84.1 million. On 3 November 2021, via a supplemental letter to the share sale agreement, MSH and us mutually agreed to vary a condition precedent to the share sale agreement to facilitate a timely completion of the Pre-IPO Restructuring. The purchase consideration was satisfied entirely by the issuance of 281,169,999 new Shares, credited as fully paid-up to MSH.

6. INFORMATION ON OUR GROUP (Cont'd)

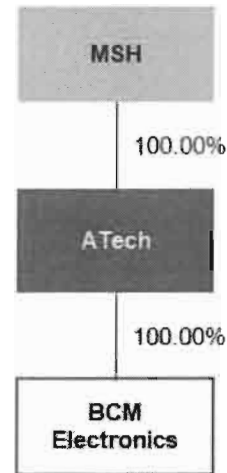
The Pre-IPO Restructuring was completed on 3 November 2021. The BCM Electronics Sale Shares were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from the date of completion for the Pre-IPO Restructuring.

The shareholding structure of BCM Electronics before and after the Pre-IPO Restructuring are as follows:

Before the Pre-IPO Restructuring



After the Pre-IPO Restructuring



6.1.4 Share capital

Our issued share capital is RM84,351,001, comprising 281,170,000 Shares as at the date of this Prospectus. Our Company does not have any treasury shares as at the LPD.

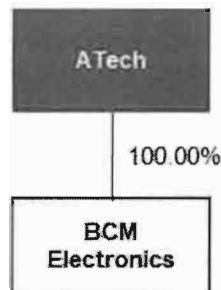
The changes in our issued share capital since the date of our incorporation are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	No. of cumulative Shares	Cumulative issued share capital
				RM
9 February 2021	1	Subscriber's share	1	1
3 November 2021	281,169,999	Pursuant to the Pre-IPO Restructuring	281,170,000	84,351,001

6. INFORMATION ON OUR GROUP (Cont'd)

6.2 OUR GROUP STRUCTURE

Our Group structure as at 3 November 2021 is as follows:



6.3 OUR SUBSIDIARY

Our subsidiary as at 3 November 2021 is as follows:

<u>Name and registration number</u>	<u>Date and country of incorporation</u>	<u>Share capital</u>	<u>Our effective equity interest</u>	<u>Principal activities</u>
		RM	%	
BCM Electronics 199301019234 (273972-P)	20 August 1993 Malaysia	45,864,068	100.0	Provision of EMS focusing on industrial electronics products

As at 3 November 2021, our Company does not have any joint venture and associated company.

6.3.1 Information on BCM Electronics

BCM Electronics was incorporated in Malaysia on 20 August 1993 as a private limited company under the name of Bakti Comintel Manufacturing Sdn Bhd under the Companies Act 1965 and is deemed registered under the Act. It assumed its current name on 18 August 1997.

The principal place of business of BCM Electronics is at Plot 21, Jalan Hi-Tech 4 Kulim Hi-Tech Park Phase 1, Kulim 09090, Kedah.

BCM Electronics is principally involved in the provision of EMS for industrial electronics products. BCM Electronics was established in 1993 pursuant to a technology transfer agreement between Motorola Inc. and Comintel Sdn Bhd to jointly develop manufacturing capabilities in line with the Government's efforts to promote technology transfer to local companies.

The issued share capital of BCM Electronics is RM45,864,068.00 comprising 32,869,878 ordinary shares. There have been no changes in BCM Electronics' issued share capital for the past three years preceding the LPD.

BCM Electronics is our wholly-owned subsidiary. As at the LPD, BCM Electronics does not have any subsidiary, joint venture or associate.

6. INFORMATION ON OUR GROUP *(Cont'd)*

As at 3 November 2021, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.

None of our Shares and share capital in our subsidiary were issued and allotted at a discount or have any special terms or any instalment payment terms. Our issued Shares and the issued shares of our subsidiary are fully paid-up.

As at 3 November 2021, neither our Company nor our subsidiary is involved in any bankruptcy, receivership or similar proceedings.

During the last financial year and up to the LPD, there were no:

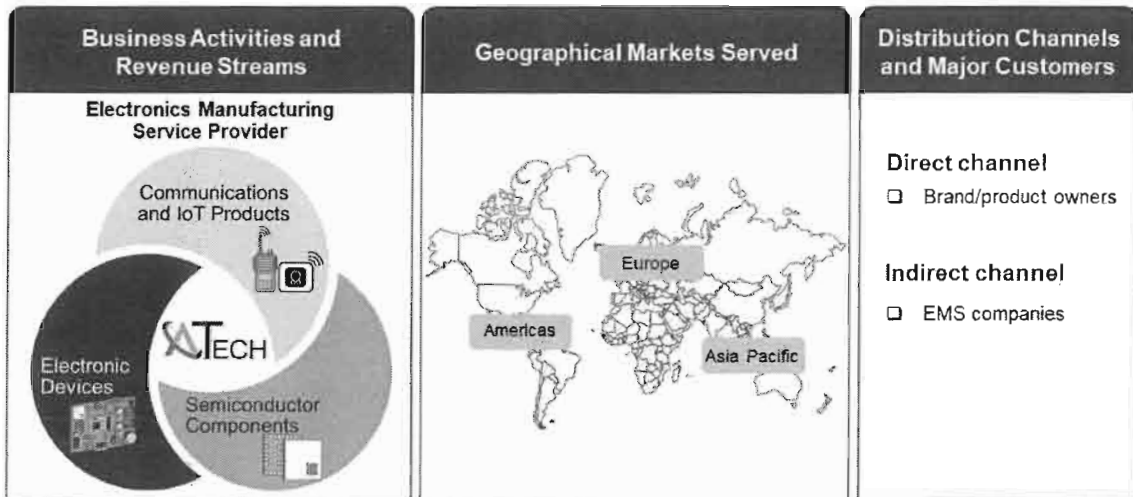
- (a) public take-over offers by third parties in respect of our Shares; and
- (b) public take-over offers by our Company in respect of other companies' securities.

7. BUSINESS OVERVIEW

7.1 OVERVIEW

We are an EMS provider focusing on industrial electronic products. During the FYE 31 January 2020, we expanded into the manufacturing of semiconductor components comprising multicomponent IC for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021. The products that we manufacture are mainly for industrial use. The EMS is undertaken by our subsidiary, BCM Electronics.

Our business model is as follows:



As an EMS provider, we offer a range of contract manufacturing services including engineering support services, prototyping, board assembly, mechanical assembly, testing, labelling, packaging and direct shipment fulfilment. We provide EMS for PCBA, subassemblies, box build and system build products.

The majority of our manufacturing contracts are turnkey contracts where we are responsible for sourcing and procuring parts and components required to manufacture products, commonly from our customers' approved suppliers. Whereas the remaining manufacturing contracts are consignment based where sourcing and procuring parts and components required to manufacture the products are sourced by the customers and provided to our Group. We primarily use SMT for our EMS processes. As at the LPD, we have a total of 11 SMT lines of which four (4) SMT lines are dedicated to the manufacturing of semiconductor components.

For further details of our operations, see Section 7.6 of this Prospectus.

7.1.1 Our manufactured product categories

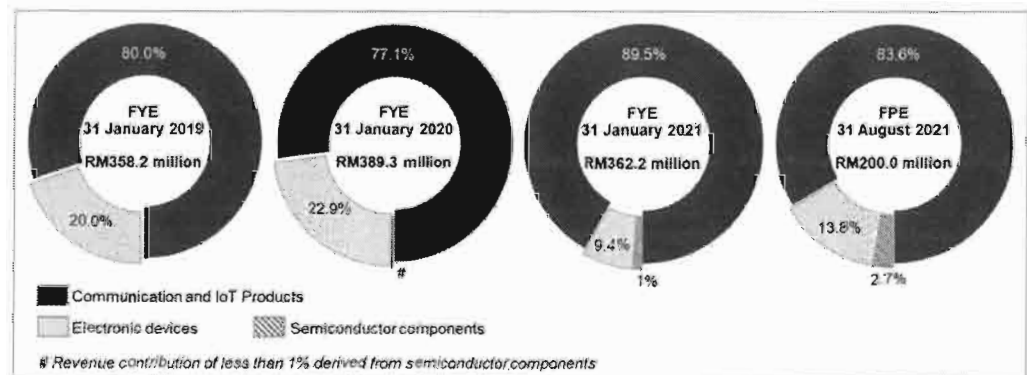
For the FYE Under Review, FPE 31 August 2021 and up to the LPD, the electronic parts and products for which we carried out EMS as well as their respective applications are as follows:

Product	Application
Communications and IoT products	<ul style="list-style-type: none"> subassemblies for communication devices and accessories; box build for communication devices and accessories as well as IoT wireless asset tracking devices; and system build for train communication interface units

7. BUSINESS OVERVIEW (Cont'd)

Product	Application
Electronic devices	<ul style="list-style-type: none"> PCBA for telematic instrumentation, power management and control devices, power converters, lighting control units, lighting systems, and radiofrequency generator; subassemblies for power and energy management and control devices; and box build products for telematic instrumentation, power and energy management and control devices, and optoelectronic devices
Semiconductor components	<ul style="list-style-type: none"> Multicomponent IC, namely IoT module

Our revenue by product categories are as follows:



7.1.2 Principal market of our operations and geographical markets served

We principally operate in Malaysia to serve customers in Malaysia and foreign countries. For the FYE 31 January 2021, our customer base spread across eleven countries covering Asia Pacific, the Americas and Europe.

The top three countries by revenue contribution were the USA, Malaysia and Singapore which collectively accounted for 93.6%, 92.7%, 89.3% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021 respectively. The breakdown of our revenue by geographical markets for the FYE Under Review and FPE 31 August 2021 is as follows:

	FYE 31 January						FPE 31 August	
	2019		2020		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Asia Pacific								
Malaysia	111,820	31.2	133,345	34.3	142,707	39.4	65,156	32.6
Singapore	47,603	13.3	76,796	19.7	24,972	6.9	19,622	9.8
Australia	1,787	0.5	2,979	0.8	225	0.1	259	0.1
Hong Kong	882	0.2	1,757	0.4	7,971	2.2	7,338	3.7
China	803	0.2	1,141	0.3	430	0.1	534	0.2
Sub-total	162,895	45.6	216,018	55.5	176,305	48.7	92,909	46.4

7. BUSINESS OVERVIEW (Cont'd)

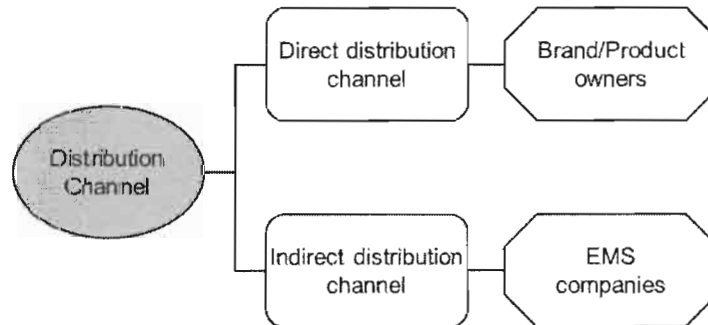
	FYE 31 January						FPE 31 August	
	2019		2020		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Americas								
USA	175,805	49.1	150,487	38.7	155,641	43.0	92,174	46.1
Brazil	906	0.3	365	*	215	*	-	-
Sub-total	176,711	49.4	150,852	38.7	155,856	43.0	92,174	46.1
Europe								
Germany	15,131	4.2	18,544	4.8	23,548	6.5	9,763	4.9
UK	3,434	1.0	3,753	1.0	2,208	0.6	-	-
Lithuania	-	-	127	*	2,231	0.6	1,808	0.9
France	-	-	11	*	2,017	0.6	3,384	1.7
Sub-total	18,565	5.2	22,435	5.8	30,004	8.3	14,955	7.5
Total revenue	358,171	100.0	389,305	100.0	362,165	100.0	200,038	100.0

Note:

* Less than 0.1%

7.1.3 Major customers and distribution channels

We use both direct and indirect distribution channels for our sales and marketing activities, as follows:



We mainly use direct distribution channel where we market and secure contracts directly with customers who are mainly brand and/or product owners. Our direct distribution channel represented 71.6%, 70.3%, 63.9% and 70.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively. Our direct distribution channel strategy focuses our sales and marketing activities directly with the ultimate decision makers, which enable us to work closely with our customers to meet their technical specifications and requirements, as well as business objectives.

7. BUSINESS OVERVIEW (Cont'd)

A direct distribution channel enables us to target the brand and/or product owners as part of our strategy to cultivate long-term business relationships with our customers. This is important to facilitate our involvement in the early stages of any new product development or product enhancement. In addition, we have an in-house dedicated team of 12 personnel to assist customers in product development and enhancement where we are involved in the engineering support including prototyping process prior to mass production. Working closely with the customers will facilitate better production planning and scheduling to optimise machine and equipment usage particularly for new projects.

We also use indirect distribution channel where our customers are mainly EMS companies and where our products represent a part of their finished products. Indirect distribution channel accounted for the remaining 28.4%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, respectively.

The breakdown of our revenue by distribution channels and customer types for the FYE Under Review and FPE 31 August 2021 is as follows:

	FYE 31 January						FPE 31 August	
	2019		2020		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct distribution								
Brand/product owners	256,617	71.6	⁽¹⁾ 273,626	70.3	230,934	63.8	140,070	70.0
Others ⁽²⁾	-	-	118	*	388	0.1	-	-
Sub-total	256,617	71.6	273,744	70.3	231,322	63.9	140,070	70.0
Indirect distribution								
EMS companies	101,450	28.4	115,545	29.7	130,838	36.1	59,968	30.0
Distributor and importer ⁽³⁾	104	*	16	*	5	*	-	-
Sub-total	101,554	28.4	115,561	29.7	130,843	36.1	59,968	30.0
Total	358,171	100.0	389,305	100.0	362,165	100.0	200,038	100.0

Notes:

* Less than 0.1%

(1) Includes sales of PCBA relating to instrumentation telematics amounting to RM0.2 million to an importer in China as per customer's instruction in the FYE 31 January 2020.

(2) Refers to sales of lighting system to customers who are warehouse management companies for their own use in the FYEs 31 January 2020 and 31 January 2021.

(3) Includes sales of lighting system to an electrical distributor in the FYEs 31 January 2019, 31 January 2020 and 31 January 2021.

7. BUSINESS OVERVIEW *(Cont'd)*

7.1.4 Mode of operations

We mainly enter into agreements with our customers. As at the LPD, we have entered into agreements with 10 subsisting customers. See Section 7.22 of this Prospectus for further details on the agreements which we are materially dependent upon that we have entered into with our customers.

The agreements enable the establishment of business relationships with the respective customers while setting out the general terms and conditions of our scope of services with their respective validity periods. The agreements do not oblige the customers to place orders. As and when required by our customers, our customers will issue purchase orders for our acceptance of the order. As such, revenue are dependent on the issuance of purchase orders by customers at customers' discretion. Our customers generally do not enter into long term purchase commitments with us.

There is no guarantee that purchase orders will be issued during the validity periods of the agreements. For the FYE Under Review and FPE 31 August 2021, we have not experienced a situation where we did not get any purchase orders during the validity periods of the agreements.

During the FYE Under Review, FPE 31 August 2021 and up to the LPD, most of our customers' purchase orders include input materials. In most situations, we are required to procure input materials from our customers' approved suppliers.

7.2 COMPETITIVE STRENGTHS

Our competitive strengths which we expect will provide us with the platform to sustain and grow our business are as follows:

7.2.1 We provide a one-stop manufacturing solution for industrial electronic products

We have the capabilities to carry out manufacturing services for PCBA, subassemblies as well as box build and system build of finished products. From this perspective, we offer an end-to-end EMS solution to provide convenience to our customers including the following:

- engineering support services that are carried out in collaboration with our customers during the early stages of new or enhanced product development where we are involved in their product design including design for manufacturability and test process optimisation, prototyping as well as development of test software;
- manufacturing services including assembly focusing on SMT for PCBA supplemented by offline assembly and related manufacturing activities such as auto insertion, soldering including manual high melting point and gold soldering as well as mechanical assembly up to system integration;
- customised test development and implementation for inspection and testing including some combination of in-circuit tests, board level tests, functional tests and other special tests and inspections. We have in-house expertise in designing jigs and tools, and software programing to support our customised test development; and
- other services include supply chain management to coordinate procurement of input materials and inventory management to meet production schedules and fulfillment of customer orders, labelling, packaging and final shipment.

See Section 7.6.3 of this Prospectus for further details of our end-to-end EMS solution.

7. BUSINESS OVERVIEW (Cont'd)

We have SMT, PTH and supporting facilities and capabilities to carry out EMS in a timely manner. As at the LPD, we have 11 SMT lines and two (2) units of auto-insertion PTH machinery and equipment supported by two (2) robotic soldering machine, two (2) units of in-circuit testing machine, two (2) units of x-ray inspection system and one (1) unit of x-ray counting system. Our SMT lines have fine-pitch placement capability to handle micro components with high speed and precision placement capabilities of various processes including solder paste printing, pick and place, reflow and AOI inspection processes. We have the ability to handle various component sizes with a minimum micro component size of 008004" (0.25 mm x 0.125 mm) and up to large component size of 74 mm x 74 mm and average placement tolerance of 25-micron accuracy. This allows us to handle a range of EMS requirements from our customers. See Section 7.6.3.2 of this Prospectus for further details of the capabilities of our SMT lines.

Our final products are in various forms including semi-finished products such as PCBA and subassemblies, and finished products such as box builds and system builds. We can offer customers a complete end-to-end solution from concept to high volume board assembly up to finished products supported by our value engineering support services and to customise test programmes which enables us to handle a range of EMS requirements from our customers.

7.2.2 We have an established track record of 28 years and have evolved our skills and facilities to meet the needs of the electronics industry

We have an established track record that spans 28 years as an EMS provider since the commencement of our business operations in 1993. Over the years, our business especially our technical team, as well as our manufacturing facilities and capabilities, have successfully evolved in tandem with the advancement of the electronics industry as electronic products require more processing power and functions combined with continuing miniaturisation. Since 2017, we have placed emphasis on automation in our manufacturing processes where we have implemented scalable automation processes for our electronics manufacturing operations focusing on testing and inspection as well as the use of IoT based AGV for material handling. As we progress towards higher automation, we have developed and implemented our MES in April 2018 to support our manufacturing operations. This also meant that our personnel's skills, and machinery and equipment are continually upgraded to match the evolution of products being manufactured. During the FYE 31 January 2020, we started to expand our product portfolio to include the manufacturing of semiconductor components in line with our strategy to move up the manufacturing value chain to incorporate manufacturing of semiconductor components.

We have also developed and established a long term customer base where four (4) out of our top five (5) major customers have been dealing with us between 10 years to 28 years since we commenced business. Our market coverage of customers includes Asia Pacific, the Americas and Europe. Our numerous awards and recognitions from various customers are testaments of our track record and performance. For further details of our awards and recognitions, see Section 7.17 of this Prospectus.

We believe our established track record provides us with the platform to continue addressing growth and opportunities within the electronics industry.

7. BUSINESS OVERVIEW (Cont'd)

7.2.3 We have the expertise, facility and trained technical personnel certified to carry out high melting point and gold soldering

We carry out manual high melting point and gold soldering as part of our board assembly process. This is for low volume, high value jobs. For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 and FPE 31 August 2021, revenue derived from products that involved high melting point and gold soldering as part of the board assembly process amounted to RM49.1 million (13.7% of our revenue), RM80.9 million (20.8% of our revenue), RM28.6 million (7.9% of our revenue) and RM22.8 million (11.4% of our revenue), respectively.

High melting point and gold soldering are required for PCBA in equipment used in remote, harsh, hazardous and high temperature conditions including monitoring and logging tools used in oil and gas wells. The equipment used is expected to work continuously for a long time as it is difficult and expensive to reach the device to replace any faulty PCBA.

We are able to perform high melting point soldering for working temperatures between 430 degrees Celsius ("°C") and 450°C. Gold soldering is used due to its good conductivity, tolerant to high temperatures, resistance to tarnish and is durable. As at the LPD, we have a team of 137 skilled personnel that holds the IPC-A-610 Class 3 certification including 12 skilled personnel certified to carry out high melting point soldering and 5 skilled personnel certified to carry out gold soldering manually. The remaining 120 personnel mainly carry out any mechanical assembly and inspection as required.

Our track record in carrying out manual high melting point and gold soldering for PCBA is a key advantage for us to potentially secure new orders and customers while sustaining existing customers.

7.2.4 Our geographical coverage across ten foreign markets provides us with the platform to continue to address export market opportunities

For the FPE 31 August 2021, we serve customers across eight foreign markets in Asia Pacific, the Americas and Europe. Revenue derived from foreign markets collectively accounted for 67.4% of our revenue for the FPE 31 August 2021 and this was contributed by the USA (46.1%) Singapore (9.8%), Germany (4.9%), Hong Kong and China (3.9%), France (1.7%), Lithuania (0.9%) and Australia (0.1%). This demonstrates our ability to tap into various foreign markets which provides us with the platform to address business opportunities in these countries. See Section 7.1.2 of this Prospectus for further details of geographical markets that we serve.

According to the IMR, Malaysia is an exporter of E&E products where the value of exports from this sector amounted to RM386.1 billion in 2020. In 2020, the value of gross exports of E&E products increased by 3.5% compared to the previous year. This was mainly due to higher exports of electronic integrated circuits, apparatus for transmission or reception of voice, images and data as well as parts for electronic integrated circuits to support work from home practice.

For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, the USA continued to be our largest foreign market in terms of revenue contribution having accounted for 49.1%, 38.7%, 43.0% and 46.1% of our revenue, respectively. According to the IMR, the USA is one of Malaysia's major export destination which accounted for 13.7% of Malaysia's export of E&E products with value of exports amounting to RM52.8 billion in 2020. The export value of E&E products to the USA increased at a CAGR of 4.3% between 2016 and 2020. The growth in demand for E&E products in the USA will continue to provide growth opportunities for our business operations.

7. BUSINESS OVERVIEW (Cont'd)

7.2.5 We have quality programmes and certifications including ATEX certification to substantiate our commitment to product and service quality

As an EMS provider handling very small components and placing them with high precision and speed, invariably the quality of our products is of paramount consideration to customers. In this regard, we have various certifications to substantiate our ability to meet the quality standards and expectations of our customers. Our quality programmes and certifications include ANSI/ESD S20.20, ISO 14001, EN ISO 13485, IATF 16949, ISO 9001 and ISO 45001.

In addition, we have 137 employees who have successfully obtained and hold the IPC-A-610 Class 3 certification as at the LPD.

The ATEX (Atmosphères Explosives) Certification is a European Union certification for equipment intended for use in a potentially explosive atmosphere. In general, our ATEX certified radio communication equipment is manufactured based on a stringent set of requirements to reduce or eliminate the risk of generating even the tiniest spark as well as to ensure heat produced by the device is limited. This is because in hazardous environments such as on oil and gas rigs and platforms, and inside mining shafts or chemical plants, even the tiniest spark or heat could ignite gases and cause explosions.

Our ability and track record in manufacturing products that comply with stringent requirements demonstrate the quality of our work to serve as a reference point to secure contracts from new customers.

7.2.6 We have MES and abilities to develop customised test programmes, which enable us to provide value added services to our customers

Our MES

Our production facility in Kulim Hi-Tech Park is fully integrated with our in-house designed and developed MES. It is a real time production monitoring system that tracks our production process. The main objective of our MES is to ensure that end-to-end manufacturing processes are based on pre-determined detailed workflow. This enables us to efficiently and effectively convert customer orders into instructions for the manufacturing process which facilitates our factory floor operators to follow these instructions on a step-by-step basis to minimise human errors.

Our MES also enables full traceability where it can trace and identify all material movements and manufacturing processes carried out for all components and products that pass through our production facility. We can remotely check the status of the purchase orders in real time from anywhere in the world. Most customers can also check the quality of production performed through various machine-generated reports. See Section 7.15 of this Prospectus for further details of our MES.

As an EMS provider, our MES provides us with a key differentiating factor to create greater transparency among existing customers, and also serves as an added advantage to attract new customers.

Our abilities in developing customised test programmes

Aside from providing EMS services for communication devices, we also have in-house technical expertise to develop test programmes including software coding to test communication devices such as IoT devices that use various communications protocols such as global positioning system (GPS), Zigbee, Bluetooth, Wifi as well as mobile cellular communications protocol from third generation (3G) up to fifth generation (5G) wireless standard.

7. BUSINESS OVERVIEW (Cont'd)

In addition, we are also able to develop test programmes for power supply management incorporating tests for safety, power leakage and power isolation, as well as to carry out burn-in test.

Our ability to design and code test programs and to carry out testing of, among others, communication devices, is a key competitive advantage as we are able to provide a one-stop manufacturing solution for the convenience of our customers. This ability has helped consolidate our position as an EMS provider for communication devices supported by our track record of 28 years of manufacturing communication devices since we commenced business in 1993.

See Section 7.6.3.2(c) of this Prospectus for further details on our test programmes.

7.2.7 We have an experienced management and technical team to lead, manage and grow our business and a succession plan in place

We have an experienced management team headed by our Executive Director and Group Chief Executive Officer, LCY, who has at least 42 years of operational knowledge of the manufacturing industry including 17 years in the electronics manufacturing industry, and our Executive Director and Group Chief Financial Officer, LHC, who brings with him 28 years of experience in operational as well as finance and accounting related functions within the electronics manufacturing industry.

They are supported by our key senior management team as follows:

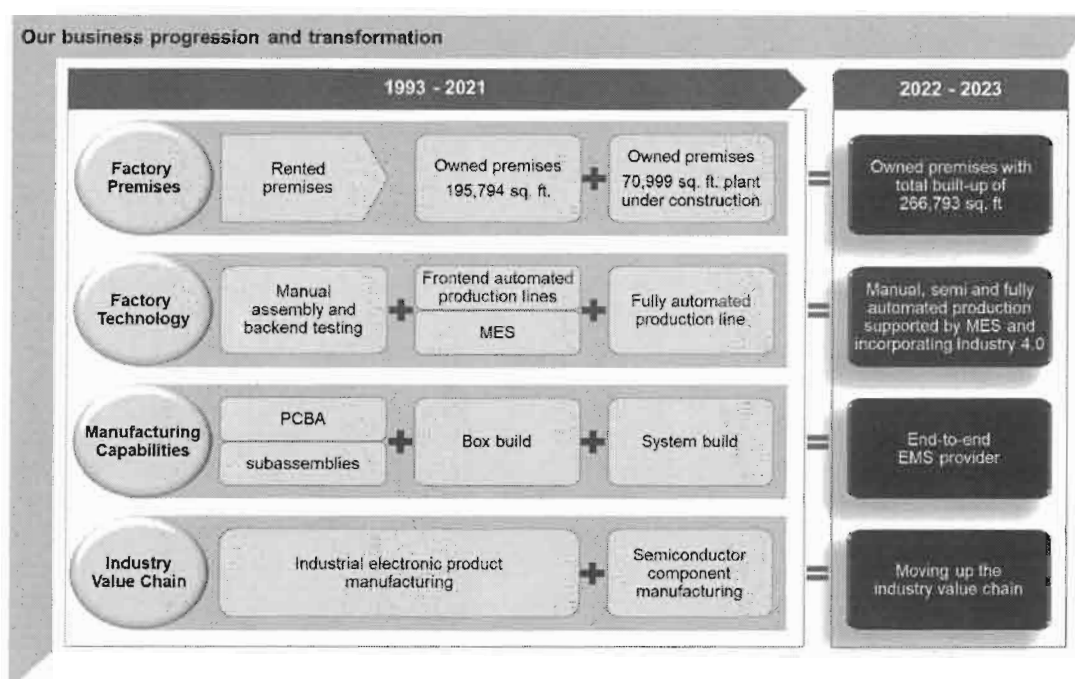
- Chong Kean Seong, our Senior Director of Operation with 24 years of experience in the electronics manufacturing industry;
- Seah Chin Sen, our Senior Director of Supply Chain Management with 27 years of experience in managing supply chains in the electronics manufacturing industry;
- Chieng Chee Boon, our Senior Director of Quality Assurance and Manufacturing Planning with 24 years of experience in quality assurance in the electronics manufacturing industry;
- Khoo Boo Eng, our Director of Business Development with 30 years of experience in the electronics manufacturing industry comprising 20 years of experience in sales and business development and 10 years in product development;
- Hafiz Bin Hashim, our Director of Test Systems Engineering with 28 years of experience in development of test systems in the electronics manufacturing industry; and
- Valli Kumaran A/L Ramachandran, our Director of Finance with 24 years of experience in accounting and finance within the electronics manufacturing industry.

In addition, we have a clear succession plan in place to ensure business continuity. See Section 9.8 of this Prospectus for further details of the management succession plan.

7. BUSINESS OVERVIEW (Cont'd)

7.3 OUR BUSINESS PROGRESSION AND TRANSFORMATION

Since our business commenced in 1993, we have progressed and transformed our business to meet the evolving changes in the electronics manufacturing industry as well as to support our business operations, growth and strategies.



- **Factory premises:** We have been operating at our owned premises in Kulim Hi-Tech Park, Kedah since 2000. As at the LPD, we are expanding our facilities to cater to business growth. This expansion in manufacturing facilities is mainly to cater to the expansion of our relatively new manufacturing of semiconductor components.
- **Factory technology:** Over the years, our factory technology has also progressed where we have increasingly automated our manufacturing processes. This is mainly to reduce human intervention for critical processes to maintain product quality. Besides, this also caters to evolving changes in electronic products requiring faster throughput, miniaturisation and precision while maintaining a high level of product quality. As such, we are continually transforming our manufacturing facilities and capabilities towards higher levels of automation.

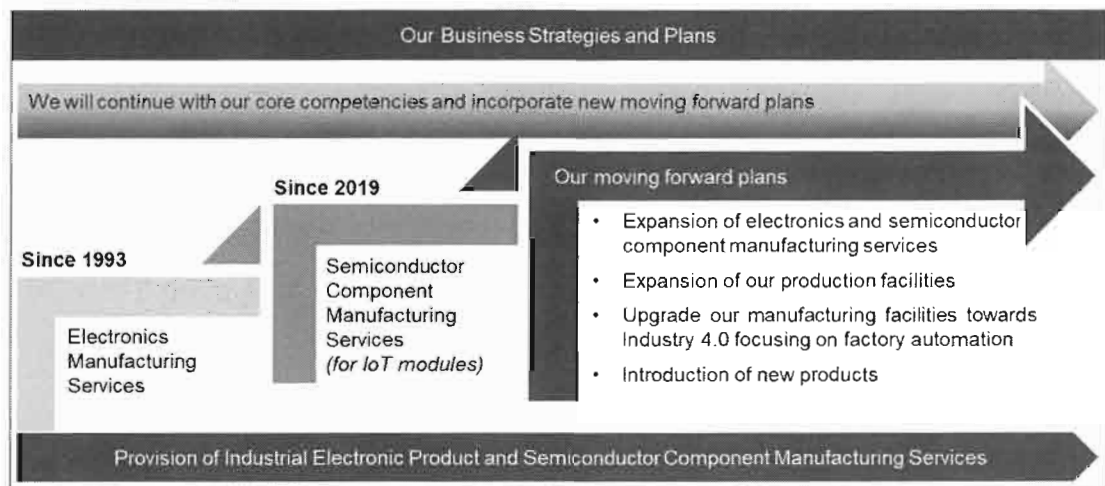
In this respect, our manufacturing capabilities expanded from our initial manual assembly to frontend automated SMT lines and subsequently becoming a full automated production line incorporating frontend SMT and backend testing and packing for some of our production lines. As we progress towards higher automation, we have developed and implemented MES in April 2018 to support our manufacturing operations. Our MES is to ensure that our end-to-end manufacturing processes are based on pre-determined detailed workflow. This enables us to efficiently and effectively convert customer orders into instructions for the manufacturing process which facilitates our factory floor operators to follow these instructions on a step-by-step basis to minimise human errors. Overall, our progression in the technology value chain towards higher levels of automation is part of our aim to embrace the concept of Industry 4.0 in our manufacturing processes. See Section 7.6.3 of this Prospectus for further details of our manufacturing activities.

7. BUSINESS OVERVIEW (Cont'd)

- **Manufacturing capabilities:** Our manufacturing capabilities have also progressed and transformed from manufacturing electronic parts in the form of PCBA and subassemblies, to include end-to-end manufacturing of box build and system build finished products. In addition, we provide engineering support services in collaboration with our customers during their product development process. Our end-to-end electronics manufacturing provides customers with convenience as they only need to liaise with us for their products. See Sections 7.6.1 and 7.6.2 of this Prospectus for further details of our products.
- **Industry value chain:** We have progressed and transformed our business to offer semiconductor component manufacturing services as an additional new service offering commencing during the FYE 31 January 2020. This marks a key milestone for us as this represents our move up the value chain to incorporate semiconductor component manufacturing, which precedes electronics manufacturing in the value chain. Moving forward, we will continue to expand our business focusing on manufacturing of industrial electronics products and semiconductor components. See Section 7.4 of this Prospectus for further details of our future plans and strategies.

7.4 FUTURE PLANS AND STRATEGIES

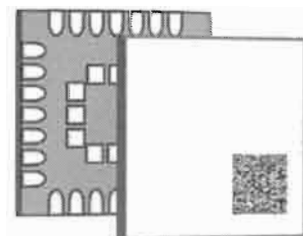
Moving forward, we will continue to strengthen and leverage from our core competency in providing EMS for industrial electronic products as well as continue on our expansion into semiconductor component manufacturing services and other areas to support our business growth. A summary of our business strategies and plans are depicted below:



7.4.1 Expansion into semiconductor component manufacturing

Semiconductor component manufacturing services for multicomponent IC

During the FYE 31 January 2020, we expanded our services into a new segment, namely semiconductor component manufacturing for multicomponent IC, which is used in electronic devices. In August 2019, we secured an electronics manufacturing service agreement with Customer F for multicomponent IC in the form of an IoT module for wireless machine-to-machine communications. Customer F is a public listed company which is listed on the Shanghai Stock Exchange with its headquarters in China. See Section 7.22 of this Prospectus for further details of Customer F.



7. BUSINESS OVERVIEW (Cont'd)

As part of the process for new product introduction, we have an in-house dedicated team to work with our customer to carry out the first article build covering various aspects in the new product manufacturing process such as review of engineering documentation and machinery requirements, verification of manufacturing processes and quality verification of input materials and parts, as well as performing first article inspection. The first article inspection is required during the new product introduction process to ensure that the manufacturing process is able to deliver products that consistently meets the required specifications. This inspection involves the measurement of properties of an initial sample against the specifications and the conduct of various tests including checking whether a correct component has been used, whether a component is in the defined location and positioned correctly. The new product manufactured through this process will be sent for a reliability test carried out by customer before mass production can commence. This entire process typically takes up to two (2) months for each different product or models and requires us working closely with the customer to facilitate better production planning and scheduling to optimise machine and equipment usage.

We had gone through the above process with Customer F prior to securing the electronics manufacturing service agreement with Customer F and before we commence mass production for Customer F.

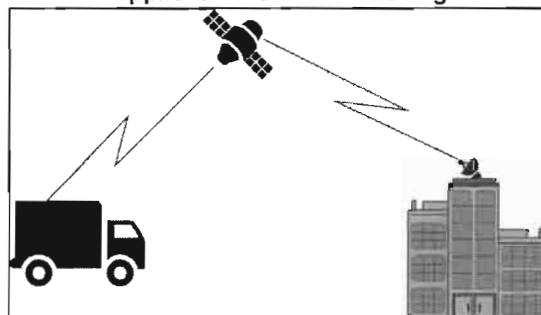
For the FPE 31 August 2021, revenue from EMS for semiconductor components namely multicomponent IC for IoT modules accounted for 2.7% of our revenue. Since commencement of mass production for the EMS for the approved models of semiconductor components during the FYE 31 January 2020 and up to the FPE 31 August 2021, a total of 3.0 million multicomponent IC has been manufactured and delivered to our Customer F.

As at the LPD, our semiconductor component manufacturing is currently supported by our four (4) dedicated production lines for Customer F which comprise four (4) SMT lines, four (4) AGVs, and automated backend inline testing and packing. The SMT lines consist of automated frontend, from the loading of PCB until after the AOI of the post-reflow of the PCBA, and follow through to the backend automated testing and packing, and supported by AGV for automated material handling.

The IoT modules we manufacture are designed to be incorporated into PCBAs to be installed in devices to enable machine-to-machine communications using wireless technology. Some of the functions of devices that incorporate IoT modules similar to ours are illustrated below:

- Tracking of assets including vehicles, containers and ships; and
- Real-time data collection, monitoring, processing and transmission using wireless and mobile technologies.

Example of an IC module used in an IoT application for asset tracking



7. BUSINESS OVERVIEW (Cont'd)

As part of our strategies, we envisage having a total of seven (7) production lines dedicated to semiconductor component manufacturing for Customer F by the end of 2023. We continue to serve Customer F where we carry out the EMS for multicomponent IC namely IoT modules for them and we envisage increased demand moving forward as per mutual understanding with Customer F in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus.

We envisage our annual capacity for semiconductor component manufacturing will increase progressively from approximately 2,568 million placement points as at the LPD to approximately 4,494 million placement points by the end of year 2023. The installation milestones of the seven (7) production lines comprising SMT lines, AGVs, and automated backend inline testing and packing are set out below:

Production lines	Installation timeline			Current/expected annual capacity <i>million placement points</i>
	As at the LPD	2022	2023	
Line 1	Installed			642
Line 2	Installed			642
Line 3	Installed ⁽¹⁾			642
Line 4	Installed ⁽¹⁾			642
Line 5		✓		642
Line 6		✓		642
Line 7			✓	642
Total				4,494

Note:

(1) We have placed orders for two (2) production lines comprising two (2) SMT lines and two (2) AGVs. The installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. As for the two (2) sets of the automated backend inline testing and packing, these will be provided by Customer F.

See Section 7.4.2 (b) of this Prospectus for further details of the purchase of machinery and equipment.

7.4.2 Expansion of our production facilities

(a) Construction of a new manufacturing plant

Our existing manufacturing plant is located in Kulim Hi-Tech Park, Kedah with a total land area of 10.04 acres. The available manufacturing floor space of our existing manufacturing plant is approximately 78,361 sq. ft., which houses our machinery and equipment including nine (9) SMT lines as well as warehousing facilities. Our utilisation of capacity was 89%, 91%, 94% and 93% for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, we have commenced the construction of a new manufacturing plant on the vacant land of approximately three (3) acres, adjacent to our existing manufacturing plant. This vacant land forms part of the entire land of approximately 10 acres leased to BCM Electronics for a period of 60 years, commencing from 29 October 1996 and expiring on 28 October 2056. The new single-storey manufacturing plant's footprint is 61,909 sq. ft..

Our existing and new manufacturing plant under construction



This new manufacturing plant will be used for the following:

- Expansion of our EMS operations by increasing our manufacturing floor space by approximately 69% to 132,821 sq. ft. upon commencement of production in the first half of 2022; and
- Development of a new product, namely lithium-ion battery pack system for light vehicles.

Together with the new manufacturing plant and expansion of production lines, our manufacturing plants will house a total of 15 SMT lines by the end of 2023. With the new production lines, our annual capacity will increase by 198.7% to 5,870 million placement points by the end of year 2023 (the FYE 31 January 2024) from 1,965 million placement points for the FYE 31 January 2021. Our new production lines with increased capacity are envisaged to meet the expected increased demand from our customers, mainly Customer F as per our mutual understanding with Customer F in terms of the quantity they require and taking into consideration the prospects of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus.

The key milestones for the construction of our new manufacturing plant are as follows:

- | | |
|------------------------------|---|
| 1 st half of 2021 | <ul style="list-style-type: none"> • Commenced building construction in May 2021* |
| 2 nd half of 2021 | <ul style="list-style-type: none"> • Approval of planning permission and building plan* • Expected completion of physical building construction • Target submission for certificate of completion and compliance ("CCC") • Expected commencement of installation of machinery and equipment which will be carried out in stages |
| 1 st half of 2022 | <ul style="list-style-type: none"> • Expected approval and issuance of the CCC (by first quarter of 2022) • Expected commencement of operations |

7. BUSINESS OVERVIEW (Cont'd)

Note:

- * *The application of planning permission and building plan was submitted to Pihak Berkuasa Tempatan Taman Perindustrian Hi-Tech Kulim ("PBT-TPHTK") on 9 March 2021 and conditional approval was obtained from PBT-TPHTK on 18 March 2021. With the conditional approval from PBT-TPHTK, the Notice of Commencement of Work ("Notice") was submitted and acknowledged by PBT-TPHTK on 30 March 2021. Subsequent to the architect's request, PBT-TPHTK issued a letter dated 28 June 2021 confirming the Notice. Industrial projects at the Kulim Hi-Tech Park are allowed to commence construction work after the Notice has been acknowledged by PBT-TPHTK while the authorities simultaneously process the planning permission and building plan approvals.*

The total cost for the construction of the new manufacturing plant of RM18.0 million is to be funded via internally generated funds and bank borrowings. As at the LPD, we commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from the MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.

(b) Purchase of new machinery and equipment

As part of our on-going expansion plans, we have placed orders for two (2) production lines including SMT lines and AGVs. The installation for the two (2) production lines was completed in August 2021 and October 2021 respectively. In this respect, we will have a total of 11 SMT lines by end 2021. See Section 7.4.1 of this Prospectus for further details of these two (2) lines.

As part of our strategies, we intend to further expand our production facilities and invest in four (4) new production lines (two (2) each in 2022 and 2023) to cater to the expected business expansion and growth of our EMS services pursuant to expected increase in demand from our customers, mainly Customer F based on our mutual understanding in terms of the quantity they require and taking into consideration the prospect of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus. In this respect, we will have a total of 15 SMT lines by end 2023. With the new production lines, our annual capacity will increase by 198.7% to 5,870 million placement points by end of 2023 (FYE 31 January 2024) from 1,965 million placement points for the FYE 31 January 2021.

7. BUSINESS OVERVIEW (Cont'd)

The new production lines will consist of the following machinery and equipment:

(i) SMT lines

We plan to purchase four (4) new SMT lines consisting of inline machinery and equipment for solder paste, pick and place, solder reflow, AOI and related equipment. The new SMT lines will be used for our manufacturing services to perform automated assembly.

The expected timeline for the purchase and installation of the four (4) SMT lines and the target products are as follows:

- three (3) SMT lines dedicated to semiconductor component manufacturing for Customer F progressively between March 2022 and June 2023; and
- one (1) SMT lines for EMS focusing on industrial electronics by January 2023.

(ii) Automated material handling system

In line with the national policy on Industry 4.0, we will gradually upgrade our manufacturing facilities to meet the Industry 4.0 framework. As such, we plan to automate some aspects of our material handling applications in our production operations. In 2020, we commenced the utilisation of two (2) AGVs to perform loading and unloading processes in our SMT lines.

Our AGV on the factory floor



Part of our plans is to expand our automation in material handling to use AGV to perform all tasks relating to the loading of input materials at the loading stations of our production area. Magnetic tapes will be placed on the floor to provide guided pathways for the AGV. Our AGV also use self-navigation technology with indoor positioning system as part of the guiding system. The AGV system has built-in sensors to take the correct pathway, determine when to slow down and where to stop for loading or unloading. The AGV also has bumper sensors and cameras to avoid damage to property and collision with people, and robotic arms to load PCB and component tape reels onto the SMT machinery and equipment.

7. BUSINESS OVERVIEW (Cont'd)

The benefits of using the AGV system incorporated into our manufacturing process are as follows:

- able to safely handle electrostatic sensitive components;
- eliminate human error to increase workplace safety, and minimise damage to property and products when transporting materials;
- reduce product defect rate and downtime that may arise due to wrong or improper manual loading of PCB and component tape reel onto machinery and equipment;
- reduce the use and dependency on manual labour; and
- improve the timeliness, efficiency and safety of transporting materials in the production area.

We plan to purchase three (3) additional new AGVs between 2022 and 2023 to support our three (3) new SMT lines dedicated to semiconductor component manufacturing for Customer F.

(iii) Automated backend inline testing and packing

As at the LPD, we have four (4) automated production lines incorporating four (4) frontend SMT and two (2) sets of backend testing and packing for the production of IoT modules. In addition, there are two (2) sets of backend testing and packing to be installed by end 2021.

Part of our plans is to purchase three (3) new additional SMT lines which will incorporate the automated backend inline testing and packing into the automated production lines for semiconductor component manufacturing.

Automated production lines



For an end-to-end semiconductor component production line, there will be one (1) set of two (2) automated inline testing and packing for each of the SMT lines. The automated inline testing consists of multiple stations that use robotic arms to perform various final product testing. Once the products are fully tested, they are passed over to the inline packing station and will be automatically packed ready for storage and delivery. As part of our future expansion plans for the three (3) new production lines, we will invest in one (1) set of automated backend inline testing and packing through internally generated funds, and another two (2) sets will be provided by Customer F.

The total cost for the purchase of machinery and equipment for our four (4) new production lines is estimated at RM43.3 million, RM40.0 million of which will be funded by the proceeds from the Public Issue and the remaining RM3.3 million to be funded via internally generated funds and/or bank borrowings.

7. BUSINESS OVERVIEW (Cont'd)

7.4.3 Upgrade our manufacturing facilities towards Industry 4.0

In line with the Government's emphasis on Industry 4.0, we plan to upgrade our manufacturing facilities to adopt some aspects of Industry 4.0. In general, Industry 4.0 involves the use of technology including, among others, automation, artificial intelligence, IoT and real-time data to increase productivity and competitiveness of the manufacturing sector. This is part of the Government's intention to shift the manufacturing sector to focus on higher value processes. Our Group's plans to upgrade our manufacturing facilities are as follows:

(a) Automated material handling, testing and packing

Part of our strategies is to invest in new machinery and equipment focusing on expansion of automated production lines. This automated production lines will incorporate frontend SMT and backend testing and packing, and using AGV for automated material handling for our EMS business operations. See Section 7.4.2 (b) of this Prospectus for further details of the purchase of machinery and equipment for our automated production lines.

(b) Development and implementation of customised software and systems for factory automation

Part of our plans is to invest in software and system development and implementation to facilitate factory automation towards Industry 4.0. This is to create a network to link the manufacturing facilities including smart warehousing system and production operations. This will feature an end-to-end integration to facilitate automation for the entire production cycle with flexibility to reconfigure machines to produce customised products.

The total cost of customised development and integration of software and system is estimated at RM4.0 million which will be funded through internally generated funds and bank borrowings and timing for such plans are targeted to commence in the fourth quarter of 2021 and be completed progressively by fourth quarter of 2023.

7.4.4 Introduction of new products

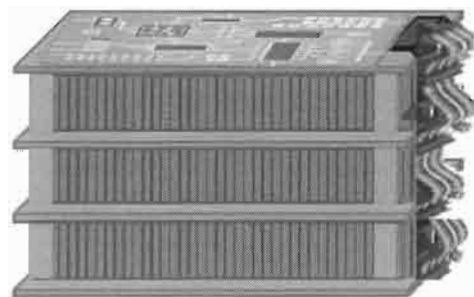
(a) Development of lithium-ion battery pack system

As part of our business strategies, we intend to be an original design and brand manufacturer of lithium-ion battery pack system. This is to tap into the increasing use of green energy. The main function of the battery pack system is to be a storage device for electricity.

We plan to manufacture lithium-ion battery pack system for use in light vehicles such as:

- golf carts;
- electric carts used in public areas such as airports, shopping malls, tourist attraction areas and theme parks; and
- material handling vehicles such as forklifts, AGV and mobile robots.

Lithium-ion battery pack system



7. BUSINESS OVERVIEW (Cont'd)

While we intend to purchase the lithium-ion battery cell as input material, we will develop all the other parts and components including the power management devices, the necessary interconnections between the power source and power usage devices, as well as various housings.

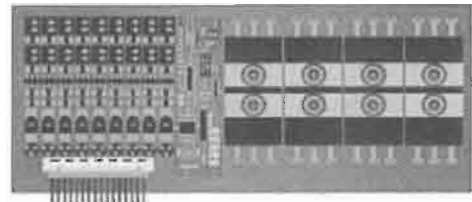
As at the LPD, we are working in collaboration with a third party for the development phase of the lithium-ion battery pack system. The third party is involved in providing technical consultancy and support services, including, among others, review of our product design and testing configurations, advising on compliance with safety specifications as well as selection and sourcing of materials. We aim to achieve the following specifications for our lithium-ion battery pack system firstly for golf carts:

- Half the weight of a traditional lead-acid battery pack system which is currently used in golf carts;
- Increase the number of charge cycles in comparison to traditional lead-acid battery pack system used on golf carts; and
- Charging speed of less than three (3) hours as compared to a lead-acid battery which requires approximately eight (8) hours for a full charge.

Development of our new product will cover the following areas:

- Design and assembly of PCB for power management including supply, control and protection;
- Design and manufacture of the housing for the battery pack system and all the necessary interconnections;
- Design of the electrical circuit for the battery pack, and interconnection of the battery pack to the PCBA, main power supply and power usage components within the vehicle where the battery pack will be housed;
- Select and procure suitable battery cells for assembly into a battery pack system; and
- Box build and system build assembly into the finished product.

PCBA for lithium-ion battery pack



We will be using our core competencies in the design and assembly of PCB as well as subassembly, box build assembly and system build assembly to the finished product which is the lithium-ion battery pack system. As at the LPD, we have completed the development of a prototype and are in the process of testing the product's functionality. We are preparing the applications for the relevant certifications required as at the LPD. We expect to commercialise the lithium-ion battery pack system by the end of 2022.

7. BUSINESS OVERVIEW (Cont'd)

The estimated cost for the development of this new product is RM5.3 million and this is expected to be funded through internally generated funds from the FYE 31 January 2020 up to the FYE 31 January 2022. In December 2020, we obtained approval for an R&D grant from a government agency on a matching basis for the development of our lithium-ion battery pack system. The total grant is up to RM2.66 million comprising an R&D grant of up to RM2.22 million for the development of our lithium-ion battery pack system, product certification and registration grant of up to RM0.14 million, as well as training grant of up to RM0.30 million.

7.4.5 Total cost for our future plans and strategies

The total cost for our future plans and strategies is estimated at RM70.6 million and the details are set out below:

	Estimated cost	Internal funds/ borrowings	Proceeds from the Public Issue	Expected timing to commence
	RM'000	RM'000	RM'000	
New manufacturing plant				
Building construction	16,200	16,200	-	(2)May 2021
Others ⁽¹⁾	1,800	1,800	-	
Sub-total	18,000⁽⁵⁾	18,000	-	
New machinery and equipment				
(i) Three (3) production lines dedicated to semiconductor component manufacturing for Customer F				
Three (3) SMT lines	27,900	-	27,900	March 2022
Three (3) units of AGV	2,100	-	2,100	- June 2023
One (1) set of inline automated testing and packing machinery and equipment ⁽³⁾	4,000	3,300	700	March 2022
(ii) One (1) production line for industrial electronic manufacturing				
One (1) SMT line	9,300	-	9,300	January 2023
Sub-total	43,300	3,300	40,000	
Development and implementation of customised software and smart warehousing system				
Software and solutions	3,000	3,000	-	4 th quarter 2021
IT Network and infrastructures	1,000	1,000	-	

7. BUSINESS OVERVIEW (Cont'd)

	Estimated cost	Internal funds/ borrowings	Proceeds from the Public Issue	Expected timing to commence
	RM'000	RM'000	RM'000	
Introduction of new products				
Development of lithium-ion battery pack system	5,310 ⁽⁶⁾	⁽⁴⁾ 5,310	-	4 th quarter - end 2022
Sub-total	9,310	9,310	-	
Total	70,610	30,610	40,000	

Notes:

- (1) *Includes professional fees such as architectural, engineering, quantity surveying and project management services and related cost such as permit and authority processing fees and charges.*
- (2) *The construction commenced in May 2021 and the construction is expected to be completed by November 2021.*
- (3) *The other two (2) sets of inline automated testing and packing machinery and equipment will be provided by our customer between March 2022 and June 2023.*
- (4) *We obtained approval from a government agency for an R&D grant on a matching basis and part of the grant will be for the development of our lithium-ion battery pack system.*
- (5) *As at the LPD, RM0.9 million has been incurred and funded through internally generated funds, and the remaining RM17.1 million will be funded through internally generated funds and bank borrowings.*
- (6) *As at the LPD, RM0.2 million has been incurred and funded through internally generated funds and the remaining RM5.1 million will be funded through internally generated funds.*

As at the LPD, we have not identified any acquisition targets, whether assets or companies, in the near future as it does not form part of our future plans and strategies.

7.5 Key events and milestones

The table below sets out the key events and milestones in the history and development of our Group's business and operations:

Year	Key event and milestone
1993 -1999	<ul style="list-style-type: none"> • Incorporation of BCM Electronics, formerly known as Bakti Comintel Manufacturing Sdn Bhd before assuming its present name on 18 August 1997. This was according to a technology transfer agreement between Motorola Inc and Comintel Sdn Bhd to jointly develop manufacturing capabilities for communication devices in Malaysia through BCM Electronics. BCM Electronics was then 30.0% owned by Comintel Sdn Bhd.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key event and milestone
2000 - 2010	<ul style="list-style-type: none"> <li data-bbox="464 320 1394 443">• We commenced operations in 1993, initially as a provider of SMT and sub-assembly services for industrial communication devices with one manual assembly line incorporating functional testing of communication products at rented premises in Prai, Penang. <li data-bbox="464 477 1394 656">• In 1996, we expanded our portfolio of services by securing our first box build supply contract for industrial communication devices. Box build assembly incorporates the sourcing and procurement of materials and components, board assembly and carrying out mechanical box build assembly and testing of the finished product. This forms a key milestone in our company's expansion as an EMS provider. <li data-bbox="464 712 1394 835">• In 2000, we moved from rented premises in Prai, Penang to our current owned production facilities in Kulim Hi-Tech Park, Kedah with a total built-up area of 106,156 sq. ft.. Our facilities comprised seven (7) SMT lines with 20 backend assembly lines. <li data-bbox="464 869 1394 958">• In 2000, we expanded our EMS to produce power control electronic devices namely direct current-to-direct current (“DC-to-DC”) converter modules. <li data-bbox="464 992 1394 1059">• In 2003, we completed our factory expansion which increased our production built-up area by an additional 89,638 sq. ft.. <li data-bbox="464 1093 1394 1205">• Comintel Corporation completed its acquisition of 100.0% equity interest of BCM Electronics in 2004 from Power-One, Inc and Just Trading Sdn Bhd. Comintel Corporation together with BCM Electronics as one of its wholly-owned subsidiaries was listed on Bursa Securities. <li data-bbox="464 1238 1394 1305">• Between 2000 and 2010, we expanded our production capacity by an additional 10 SMT lines, making it a total of 17 SMT lines. <li data-bbox="464 1339 1394 1395">• In 2005, we participated in a joint-design development exercise with a customer in the design of an industrial wireless communication device. <li data-bbox="464 1429 1394 1883">• Between 2005 and 2010, we expanded our products to include the following: <ul style="list-style-type: none"> <li data-bbox="523 1518 1394 1585">- IoT wireless asset tracking devices for vehicle tracking application in 2007; <li data-bbox="523 1619 1394 1709">- PCBA of instrumentation devices for the oil and gas industry in 2007 where we offered special engineering services including high melting point and gold soldering as part of the board assembly process; <li data-bbox="523 1742 1394 1798">- PCBA of power control devices for lighting equipment in 2008 for a customer in the USA; and <li data-bbox="523 1832 1394 1883">- power control devices for AC to DC power supply in 2009 to a customer in Australia.
2011 – 2020	<ul style="list-style-type: none"> <li data-bbox="464 1937 1394 2056">• In 2016, we expanded our EMS services for LED lighting product by securing our first purchase order for the LED tunnel lighting. In the same year, we also commenced manufacturing of our own designed LED lighting for installation in warehouses.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key event and milestone
	<ul style="list-style-type: none"> • In 2018, Comintel Corporation sold its 100.0% equity interest in BCM Electronics to MSH for a cash consideration of RM123.8 million. • In 2018, we expanded our manufacturing services where we carried out board assembly, testing, subassembly and up to system calibration into a complete train communication interface unit. This system build product is to integrate with other systems installed in train carriages to communicate, monitor and transmit information between the train and a remote central monitoring centre. • In 2019, we broaden our portfolio of services when we secured an electronics manufacturing services agreement for semiconductor components in the form of a multicomponent IC for communications IoT module. This marks a key milestone for us as we go up the value chain to incorporate semiconductor component manufacturing, while previously we were focused on industrial electronics products manufacturing. As at the LPD, we have four (4) specially designed and dedicated automated production lines for the IoT module manufacturing. • In 2020, we continued to expand our EMS within the power control segment by securing a contract from a customer in France to manufacture a power module used in marine applications as well as supercomputers, which we commenced full-scale production in October 2020. • In the same year, we secured another contract from a customer in China for the EMS to manufacture power control modules for DC-to-DC power supply. • In December 2020, we obtained approval from a government agency for grants on a matching basis where the government agency will fund 50% of the following total expenditure: <ul style="list-style-type: none"> - A total grant of up to RM2.66 million comprising an R&D grant of up to RM2.22 million for the development of our lithium-ion battery pack system, product certification and registration grant of up to RM0.14 million, as well as training grant of up to RM0.30 million; and - A grant of up to RM2.11 million for modernisation and upgrading of facilities and equipment mainly for the automated material handling equipment as well as automated assembly and testing line.

Pursuant to the approval, there was a grant agreement between the government agency and our subsidiary, BCM Electronics in relation to the disbursement of the grants mentioned above. The said agreement is dated 5 May 2021 and the agreement period is five (5) years from the date of this said agreement.

7. BUSINESS OVERVIEW (Cont'd)

7.6 OUR OPERATIONS

As an EMS provider, we carry out manufacturing on behalf of product and/or brand owners, as well as other EMS providers. We manufacture two (2) types of industrial electronic products, namely electronic parts and products, and semiconductor components.

7.6.1 Electronic parts and products

7.6.1.1 Overview

We provide manufacturing services for four (4) main categories of electronic items as follows:

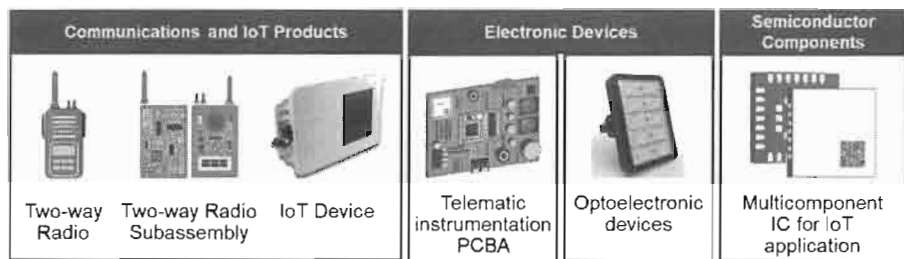
- **PCBA:** These are electronic parts, which are subsequently incorporated into subassemblies or directly into finished products;
- **Subassembly:** These are semi-finished products comprising electronic components and non-electronic parts to become subassembly for incorporation into finished products;
- **Box build:** These are finished products where we provide end-to-end services including procurement of materials, board assembly into PCBA and up to the final assembly into a complete finished product; and
- **System build:** These are finished products comprising several box build products and subassemblies into a finished system. For system build products, we provide integration into a complete communication system.

Our products and their applications are as follows:

Applications	Our Products			
	PCBA	Sub-assembly	Box Build	System Build
Communications and IoT Products				
• Communication devices and accessories		✓	✓	
• IoT devices			✓	
• Train communication systems				
- Train communication interface unit				✓
Electronic Devices				
• Telematic instrumentation	✓		✓	
• Power and energy management and control devices				
- DC-to-DC converter	✓	✓		
- Digital power supply	✓	✓	✓	

7. BUSINESS OVERVIEW (Cont'd)

Applications	Our Products			
	PCBA	Sub-assembly	Box Build	System Build
<ul style="list-style-type: none"> • Optoelectronic devices <ul style="list-style-type: none"> - LED lighting - Lighting control unit • Radiofrequency generator 		✓	✓	
Semiconductor components <ul style="list-style-type: none"> • Multicomponent IC <ul style="list-style-type: none"> - IoT modules 			✓	



7.6.1.2 PCBA

A PCBA is an electronic part comprising a PCB populated with semiconductor components as well as electrical and mechanical parts such as inductors, ports and connectors. Meanwhile, PCB is a substrate where one or both sides of the surface of the board are clad with a layer of copper. A circuitry is then formed through an etching process which leaves behind a network of copper circuitries.

A PCBA is designed to facilitate one or more functions of an electronic device, machine or equipment. Within a complete electronic product, there is typically one main PCBA known as the motherboard, to provide most of the key processing and control functions. There may be other PCBA to cater to other functions within a finished product.

We carry out the manufacturing services mainly for board assembly and testing for the following types of PCBA:

- rigid and flexible PCBA;
- single and double-sided PCBA; and
- multi-layer PCBA, from two (2) up to 14 layers.

Our customers typically provide us with the bill-of-materials and Gerber file that indicates the specific parts and components required, the number of each part required, and the location to place each of them on the PCB to become a PCBA. Most of the parts and components used in the PCBA are purchased from our customers' approved suppliers.

7. BUSINESS OVERVIEW (Cont'd)

We mainly use SMT to place the discrete semiconductor components and IC packages onto the PCB. In some situations, we may use manual insertion for large parts such as power transformers, inductors, fans and ports to complete the PCBA.

7.6.1.3 Subassembly

Subassembly is a semi-finished product resulting from the assembly of electronic parts such as the PCBA with electrical, mechanical, metal and non-metal parts to form part of a finished electronic product. These parts include, among others, chassis, frames, power transformers, connectors, wire assemblies and mechanical switches.

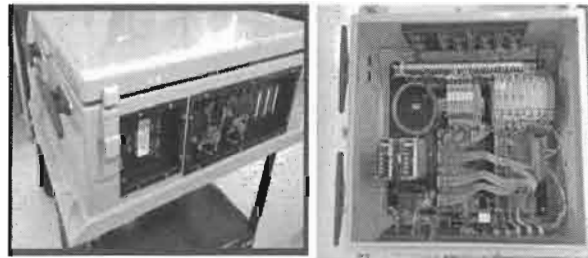
Subassembly is used to perform specific functions which are then incorporated into a larger product. One such example would be a power management system to manage the power supply, distribution, control and protection of the electrical system.

Our subassembly process is mainly manually facilitated by tools and equipment as we need to combine all the relevant parts. It is not practical to fully automate our subassembly process as we assemble a high mix of products. Depending on the purchase orders that we receive, we will need to reconfigure the setup of our tools and equipment. Our subassembly process also includes testing to ensure that all the parts that are assembled are in good working condition according to specifications.

7.6.1.4 Box build

We provide end-to-end manufacturing for box build finished electronic products where we procure materials, board assembly into PCBA, carry out subassembly up to finished product including labelling and packaging.

Box build products



The final assembly of the box build products is carried out manually to combine all the relevant parts. Our assembly process also includes testing to ensure that the finished products are in good working condition according to specifications.

7. BUSINESS OVERVIEW (Cont'd)

7.6.1.5 System build

We also carry out manufacturing services for system build finished products where we procure materials, carry out board assembly into PCBA, subassembly and up to system integration process into a complete unit. The subassembly and integration of the system build products are carried out manually to combine all the relevant parts, devices and modules including configuration, electrical cabling and testing to ensure the system is working in accordance to specifications.

System build finished product - train communication interface unit

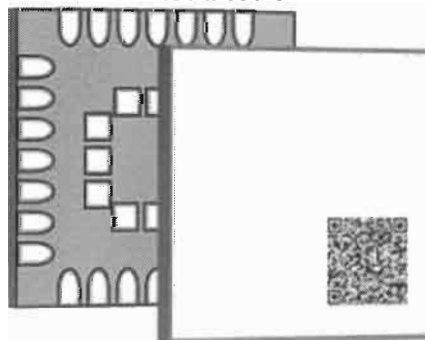


We commenced our manufacturing services for system build finished products in 2018. For the FYE 31 January 2021 and FPE 31 August 2021, our system build finished products were for the manufacture of train communication interface units that were part of the communication systems to be installed in train carriages to communicate, monitor and transmit information between the train and the remote control centre.

7.6.2 Semiconductor components

We manufacture semiconductor components in the form of multicomponent IC which comprises more than one IC package and other components such as sensors and transmitters. They are then shielded with metal to serve as an IoT module.

Our multicomponent IC serving as an IoT Module



7. BUSINESS OVERVIEW (Cont'd)

The IoT modules are used for machine-to-machine communications using wireless technology. We commenced prototyping during the FYE 31 January 2020 and commenced mass production for the IoT modules during the FYE 31 January 2021. This IoT module can be incorporated into devices to perform IoT applications mainly for tracking and real-time data collection, monitoring, processing and transmission using wireless and mobile technologies.

In general, IoT modules have broad applications used in the following segments:

- telematics and transport segment for tracking of assets, vehicles and ships to extract information relating to driver behaviour and vehicle speed, fleet management, and usage-based insurance applications;
- energy segment for smart utility metering system for electricity, water, gas and heat as well as for smart power grids to extract information on consumer behaviour and reliability of electricity supply;
- smart city segment for street lighting control, water distribution and traffic management such as toll collection system, and security and environmental monitoring;
- agriculture segment for smart farming that incorporates sensors, and monitoring and measurement devices with wireless communication capabilities to optimise application of fertilisers and irrigation of planted areas;
- industrial segment for industrial automation, pipes and pipeline monitoring, security and surveillance, payment system for wireless point of sales and top-up machine, gateway systems for routers, servers and Wifi hotspots; and
- consumer segment such as smart wearables for health information monitoring and tracking, and smart home appliances.

7.6.3 Our EMS activities

We offer end-to-end EMS solution for engineering support services and manufacturing operations focusing on assembly and testing services.

7.6.3.1 Engineering support services

For new product introduction, we normally provide engineering support services to facilitate efficiency and effectiveness in the manufacturing process. As an EMS provider, we do not normally carry out product and electrical design work as they are undertaken by our customers.

For the FYE Under Review and FPE 31 August 2021, we were engaged by our customers to participate in their product development stage. During this stage, we provide engineering support services to our customers, including building prototypes. Once a prototype of the product is completed, we will also perform design for manufacturability and testability assessments to analyse the feasibility of the product's design before the product progresses on to the pilot production phase and subsequently the mass production phase.

7. BUSINESS OVERVIEW (Cont'd)

Occasionally, we assist our customers in design work. Our experience in assisting in design work provides us with additional knowledge, skill and experience to understand and to assist our customers in ensuring optimum product and electrical design to facilitate optimum manufacturing process.

Our involvement in our customers' product design and development stages is mainly to facilitate manufacturability, testability, cost efficiency and speed in manufacturing as well as to improve on the quality of our manufactured products. Our involvement includes the following activities:

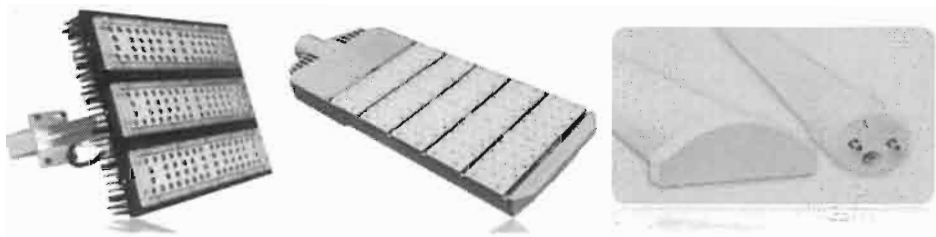
- (i) Assist in component selection, cost containment and quantitative analysis of design for manufacturing and assembly to optimise manufacturing process at minimum cost. This is focused on minimising the number of assembly and manufacturing steps.

We carry out analysis that covers, among others, complexity of assembly comprising number of components and parts, and interfaces to meet functional requirements, PCB layout design, component placement and orientation for the ease of handling and component insertion, installation, inspection and repair. The spacing of components is also part of the consideration where it is critical for soldering, rework, test and automated assembly. This includes simulating completed circuits to check on its functional accuracy and performance;

- (ii) Develop prototypes to optimise on the overall manufacturability, testability, cost efficiency as well as to minimise on lead time for the manufacturing process; and
- (iii) Develop test software and hardware to ensure the required level of testability features including test coverage. Our early involvement enables us to provide customised test software and hardware to customers during the product development stage to improve overall efficiency of the test process and to optimise production. See Section 7.6.3.2(c) of this Prospectus for further details of our testing operations.

In addition, we also carry out design work for our products for LED lighting and lithium-ion battery pack system which is currently under development. We manufacture our own designed LED lighting for industrial, commercial and community applications such as floodlights, high bay lights and street lights. These LED lightings are sold and marketed under our own BCM brand. Sales from our own designed LED lightings accounted for less than 1.00% of our revenue for the FYE Under Review and FPE 31 August 2021. As an original design manufacturer of LED lightings, we can customise the design and manufacture according to the requirements of our customers.

Our LED Lighting Products



7. BUSINESS OVERVIEW (Cont'd)

As part of our R&D process, we are in the development phase of designing a lithium-ion battery pack system for light vehicles. This is part of our business strategy to expand our own proprietary designed products. For further details of introduction of new products, see Section 7.4.4 of this Prospectus.

7.6.3.2 Manufacturing operations

Our manufacturing operations comprises assembly, inspection and testing operations as follows:

(a) Assembly operations

Our assembly focuses on SMT (automated assembly) supplemented by offline assembly and related manufacturing activities such as auto insertion, manual soldering and up to mechanical assembly.

Our SMT equipment and lines



We mainly use SMT for our EMS of PCBA and semiconductor components. Although we envisage having a total of seven (7) SMT lines dedicated to semiconductor component manufacturing for Customer F by end 2023, these SMT lines can also be used for our EMS of PCBA for other customers if there are excess capacity.

Our SMT lines can handle micro-components with minimum size of 008004" (0.25mm x 0.125mm) and average placement tolerance of 25-micron accuracy. Our SMT assembly are automated processes that have fine-pitch placement capability to handle micro components with high speed and precision placement capabilities including the following:

- solder paste printing where our solder paste printing capabilities include the following:
 - minimum tolerance (printing accuracy) = >2 Cpk @ $\pm 12.5\mu\text{m}$;
 - fully programmable under stencil cleaning;
 - auto paste dispenser with printing temperature control; and
 - finest component pitch = 0.3mm.

7. BUSINESS OVERVIEW (Cont'd)

- pick and place where our SMT facilities have the capabilities to mount a variety of IC packages on the PCB including chip scale packaging (CSP), quad flap package (QFP), ball grip array (BGA) package, quad flap no-leads (QFN), micro ball grip array (μ BGA) package and land grid array (LGA) package. Our pick and place capabilities are as follows:
 - minimum component size = 008004" (0.25mm x 0.125mm);
 - maximum component size = 74mm x 74mm;
 - minimum pitch size = 0.3mm;
 - minimum PCB size = 48mm x 48mm;
 - maximum PCB size = 774mm x 710mm; and
 - minimum tolerance (placement accuracy) = ± 0.03 mm with $C_{pk} \geq 1.00$.
- our reflow oven has 10 lead-free with nitrogen-enabled heating zones and three cooling zones to provide consistent temperature control. It also has real time profile monitoring in place to ensure that the solder is harden and firmly fixes the components in their respective places on the PCB.
- our SMT lines are equipped with inline inspection system including 3D SPI system as well as pre-reflow and post-reflow AOI system. The AOI machine uses high speed camera to scan and capture the image of completed PCBA to check for defects, scratches, stains, accuracy of component placement, missing components and quality of solder. Our AOI machine is inline and incorporates a three-dimension solder paste inspection system. We undertake pre-reflow and post-reflow inspection.

See Section 7.8 of this Prospectus for further details of our SMT process.

(b) Offline assembly and related manufacturing activities

We also carry out the following offline assembly and related manufacturing activities:

(i) Auto insertion of PTH parts

In some board assembly processes, there is a need to place some parts on the PCB using what is commonly referred to as plated through-hole (PTH) technology. These parts are usually larger than SMT components. PTH technology allows the legs of the components to pass through holes of the PCB which are then soldered on the opposite side of the PCB. The holes are also plated with copper conductor.

7. BUSINESS OVERVIEW (Cont'd)

We carry out axial and radial auto insertion in our production operations. Axial insertion is used when the legs are on both ends of a part. Radial insertion is used when the legs are on the same end of a part.

(ii) Wave soldering

Offline wave soldering is mainly performed on those boards that undergo auto insertion to solder the components to ensure that the components are firmly fixed in their respective places on the PCB. The protruding legs of the semiconductor parts are also cut off just below the solder.

(iii) Manual soldering

In some situations, we carry out manual soldering for PCBA and subassemblies. This is mainly for large parts and components, such as inductor coils, which cannot be handled by the SMT and auto insertion process. Alternatively, some of the parts and components are required to be connected in hard-to-reach places by the various automated machinery and equipment. Also, manual soldering is required when some of the semiconductor components are sensitive to heat, particularly from the solder reflow process.

Manual soldering using a microscope



(iv) High melting point and gold soldering

We have in-house expertise and capabilities to carry out high melting point soldering and gold soldering.

High melting point soldering requires experience and technical skills to perform soldering using tin and lead alloy solders that has high melting point for working temperature between 430°C and 450°C. This soldering is to bond components on the PCB commonly carried out for electronic products that operate under high temperature, harsh and hazardous conditions such as oil and gas well monitoring and logging tools.

Gold soldering is carried out to solder components onto gold plated connectors in a PCB. Gold is used in PCBA because of its good conductivity, tolerance to high temperatures, does not tarnish and has high durability. PCBA that uses gold-plated PCB are used in harsh environment to prevent oxidation that will affect the connectivity of the electrical circuits.

7. BUSINESS OVERVIEW (Cont'd)

We carry out high melting point and gold soldering on PCBA for one of our customers. As our PCBA is used in remote locations and operates under harsh conditions especially in offshore oil and gas rigs and platforms, it is expensive and difficult to replace the PCBA should there be a fault. As such, our PCBA must be highly durable and have a long lifespan. High melting point and gold soldering is done manually. As at the LPD, we have a team of 137 skilled personnel that hold IPC-A-610 Class 3 certification including 12 skilled personnel certified to carry out high melting point soldering and 5 skilled personnel certified to carry out gold soldering manually. The remaining 120 personnel mainly carry out any mechanical assembly and inspection as required.

(v) **Mechanical, box build and system build assembly**

We carry out mechanical, box build and system build assembly if the required product is either in the form of a subassembly or finished product. Our mechanical assembly includes enclosure and electromechanical assembly to place the completed PCBA into commonly plastic or metal housing and connecting it to a user interface display, integration of multiple rack of subassemblies into a metal enclosure for multi-rack system assembly, routing of cabling and wire harnesses to ensure the internal cables are routed neatly and correctly, software loading and configuration, as well as labelling and final packing.

Mechanical and box build for subassemblies and finished products



(c) **Inspection and testing operations**

Inspection operations

We perform inspection on all the products that we manufacture comprising online and offline inspection as follows:

- Online inspection focuses on the characteristics of product in form-fit-function. Form refers to shape, size, dimension and weight, and fit refers to ability of the part to physically connect to or interface with other parts, and function of the part. This is performed based on inspection parameters with the use of vision magnification, jigs and tools.
- Off-line inspections are performed on a sampling basis as per acceptable quality limit (AQL) standards which also cover the characteristics of product in form-fit-function as well as inspection on the packaging and labelling for shipping. AQL is the maximum percentage of defective sample units permitted in a lot that will be accepted approximately 95% of the time.

7. BUSINESS OVERVIEW (Cont'd)

To enhance the quality of checking, we also carry out the following special inspections especially for complex products:

- Automated three-dimension solder paste inspection to check the consistency and volume of solder paste dispensed onto the PCB. Consistency of solder paste printing and its volume is critical to enable a good solder joint. If there is insufficient paste printed, most likely it will result in a weak solder joint. If the solder joint fails mechanically, the entire product will fail to function;
- X-ray inspection to detect solder quality of assembled board and assembly defects, which are hidden from view. This inspection is used to check for abnormalities such as solder bubbles and solder shorts on the PCBA to avoid malfunction of the circuit. A solder short occurs when a solder unintentionally touches another lead or solder thus causing a short circuit; and
- Final inspection using microscopes with three (3) to 10 times magnification to check the completed PCBA.

Testing operations

We have in-house capability and experience to customise and develop test system comprising software and hardware to meet the requirements of our manufactured products and/or our customers' specifications and requirements. Our test system is server-based with dual backup location featuring the following:

- traceability of completed test results;
- tracking the test to ensure that all products undergo all the required test stages in the correct sequence;
- storage of test records for a minimum of seven (7) years and up to ten (10) years for European certified products;
- tests are carried out without human intervention; and
- real-time data collection and storage, as well as report generation using data mining tools.

We mainly carry out tests for all the products we manufacture to ensure its functionality. This includes the following:

(i) Board level tests

These tests are performed on PCBA and semi-finished products or subassemblies. Tests performed at this level are primarily dependent on the functionality of the subassemblies. Some common functions that are tested during board level tests include input and output, digital and analogue, power supply, audio and radio frequency functions.

7. BUSINESS OVERVIEW (Cont'd)

As part of the board level tests, we carry out in-circuit tests to ensure the following:

- correct components are used in the assembly process;
- accuracy of component placements onto the PCB; and
- that these components function accordingly.

We also download test software programmes onto the IC in the test equipment for in-circuit test. We use two technologies to execute in-circuit tests, namely:

- bed-of-nails (fixed position probe); and
- flying probe.

The bed-of-nails tester is a fixture made up of a board with an array of small, spring-loaded pogo pins which will probe every component joint or lead to measure component values such as resistance, capacitance and inductance.

Flying probe tester functions similar to bed-of-nails tester, except that instead of an array of fixed pins, four programmable mobile probes are used that will move to each of the component joint or lead to measure its values.

In general, flying probe testers can be set-up quicker compared to bed-of-nails tester and are also cheaper as it eliminates the need to fabricate the fixture.

The types of test carried out at this level are predominantly customised and developed according to the subassembly's functionality.

(ii) Functional tests

These types of tests are carried out on finished products. In general, the product functionality and specifications will dictate the types of functional tests that will be executed at this level. All the product specifications and capabilities will be assessed during functional testing.

We have the capability and experience in developing and maintaining the following test systems used to perform functional tests:

- **Audio fidelity tester:** This comprises an audio generator and an analyser with a reference microphone as input and a reference speaker as output. It is used to test and measure the audio quality of microphones and speakers. Test parameters such as distortion, response, sensitivity and loudness are tested. The testing can be for hard-wired or Bluetooth communication enabled devices.

7. BUSINESS OVERVIEW (Cont'd)

- **IoT communication tester:** A digital communication test platform to test product features and transmission of the product to the target receiver. It covers tests for human-to-machine as well as machine-to-machine functionality, transmission integrity, sensitivity, repeatability and accuracy. Communications for machine-to-machine are via mobile cellular communications using 2G up to 5G wireless standard, satellite, Wifi, Bluetooth and Zigbee.
- **Digital imaging tester:** It is used for testing the quality of digital image of a camera or a liquid crystal display (LCD) screen output based on various parameters such as image size and resolution, noise, contrast, sharpness, grey scale, black level, white saturation/balance, viewing angle and colour.
- **Radio frequency tester:** It is used to test devices that use wireless communication technologies ranging from low to high frequency band such as microwave. We also have the capability to carry out test on 5G transmissions. Some of the parameters examined include transmitting power, receiving sensitivity, noise, phase noise and modulation quality.
- **DC-to-DC power management tester:** It comprises an integration of DC power supply unit, programmable electrical load, digital multimeter, multiplexer and oscilloscope. Some of the parameters tested for DC-to-DC power management modules include output voltage and current, load regulation, line regulation, efficiency, power limit, over-voltage protection, short circuit current, noise and ripple, and under voltage lockout.
- **AC-to-DC power management tester:** It is similar to DC-to-DC power management tester, with the exception that the input power is a programmable AC power source instead of a DC power supply unit. Parameters tested for AC-to-DC power management module are also similar to that of the DC-to-DC power management module.

7. BUSINESS OVERVIEW (Cont'd)

7.7 PRINCIPAL PLACE OF BUSINESS AND OPERATING FACILITIES

7.7.1 Operational facilities

Details of our Group's head office and operating facilities are as follows:

<u>Company</u>	<u>Main Function</u>	<u>Location of Facilities</u>	<u>Approximate Built-up Area (sq. ft.)</u>
BCM Electronics	Head office and manufacturing	Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park, Phase 1, 09090 Kulim, Kedah	195,794

As at the LPD, we have commenced the construction of our new manufacturing plant on a piece of land that is adjacent to our existing manufacturing plant. See Section 7.4.2(a) of this Prospectus for further details of the construction of our new manufacturing plant.

7.7.2 Machinery and equipment

As at 31 August 2021, some of the key machinery and equipment for our manufacturing operations are as follows:

<u>Description of machinery and equipment</u>	<u>Quantity</u>	<u>Carrying amount as at 31 August 2021</u>
		RM'000
SMT line	10 lines	
Pick and place machine	29 units	11,072
Automated optical inspection machine	16 units	2,693
Reflow oven	10 units	1,703
Solder paste inspection machine	6 units	1,342
Screen printer machine	10 units	1,306
Auto loader machine	5 units	891
Router machine	3 units	849
Laser marking machine	3 units	728
Auto PCB unloader	3 units	510
Automated guided vehicle	3 units	245
Others ⁽¹⁾	8 units	1,212
Sub-total		22,551

7. BUSINESS OVERVIEW (Cont'd)

Description of machinery and equipment	Quantity	Carrying amount as at 31 August 2021
		RM'000
Offline machinery and equipment		
X-ray inspection system	2 units	563
Wave soldering machine	1 unit	292
X-ray counting system	1 unit	270
Automated stencil inspection machine	1 unit	234
Temperature test chamber	1 unit	192
Stencil cleaning machine	1 unit	189
Laser marking machine	1 unit	177
Automated inspection system	1 unit	142
Robotic soldering machine	1 unit	65
Sub-total		2,124
Total		24,675

Note:

(1) Includes glue dispenser machine, metal shielding placer and inspection machine.

7.7.3 Production capacity and utilisation

Our production capacity and utilisation for the FYE Under Review and FPE 31 August 2021 were as follows:

Period	Component placements		
	Annual production capacity ⁽¹⁾	Production output	Utilisation rate
	million ⁽⁵⁾ placement points	million ⁽⁵⁾ placement points	%
FYE 31 January 2019⁽³⁾	1,299	1,151	89
- <i>Electronic parts and products</i>	1,299	1,151	89
FYE 31 January 2020⁽⁴⁾	1,056	956	91
- <i>Electronic parts and products</i>	1,002	910	91
- <i>Semiconductor component</i>	54	47	87
FYE January 2021⁽⁵⁾	1,965	1,848	94
- <i>Electronic parts and products</i>	1,002	897	89
- <i>Semiconductor component</i>	963	951	99

7. BUSINESS OVERVIEW (Cont'd)

Period	Component placements		
	Annual production capacity ⁽¹⁾	Production output	Utilisation rate
FPE 31 August 2021⁽⁶⁾	⁽⁷⁾1,350	1,249	93
- Electronic parts and products	585	504	86
- Semiconductor component	765	745	97

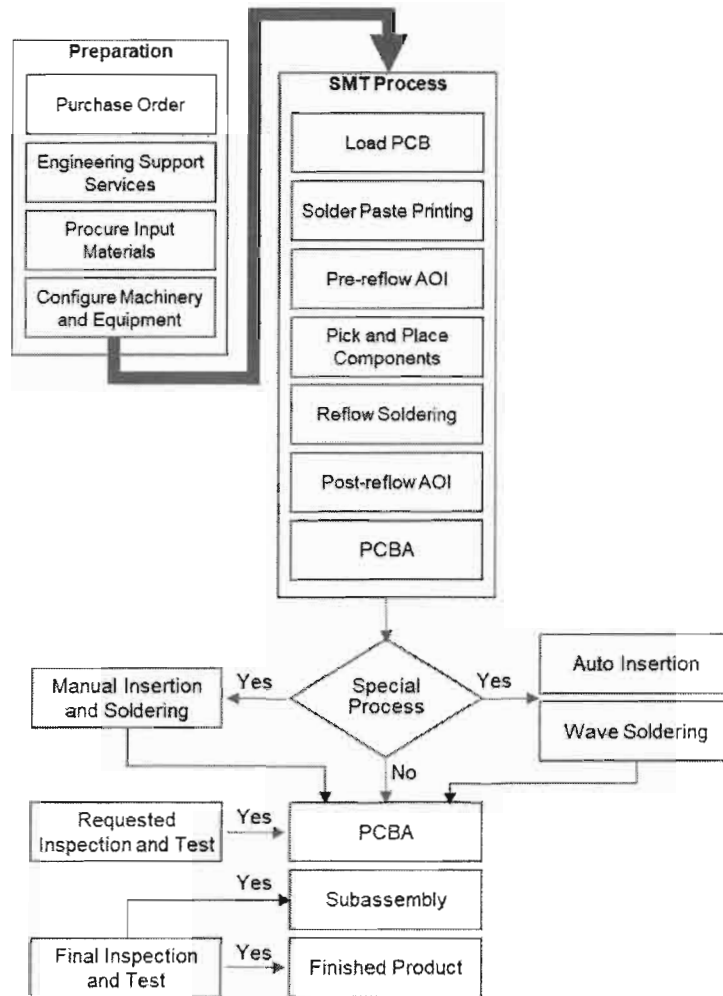
Notes:

- (1) Annual production capacity is calculated based on operating days of six (6) days a week excluding public holidays (295 days for the FYE 31 January 2019 and 294 days for both the FYE 31 January 2020 and the FYE 31 January 2021) on 24-hour shift per operating day (equivalent to number of operational days x 24 hours).
- (2) Placement points refer to the number of components placed onto the PCB.
- (3) For the FYE 31 January 2019, the annual production capacity was for 10 SMT lines.
- (4) For the FYE 31 January 2020, the annual production capacity was for seven (7) SMT lines and one (1) new SMT line which operated for only (1) one month. Three (3) SMT lines were decommissioned.
- (5) For the FYE 31 January 2021, the annual production capacity was for eight (8) SMT lines and one (1) new SMT line which operated for only six (6) months.
- (6) For the FPE 31 August 2021, the production capacity was for nine (9) SMT lines and one (1) new SMT line which operated for only seven (7) days.
- (7) Calculated based on 7-month pro-rated capacity.

7. BUSINESS OVERVIEW (Cont'd)

7.8 PROCESS FLOW

The process flow of our manufacturing operations is as follows:



- **Preparation**

Upon confirmation of purchase orders, our technical team will commence preparation works and liaise with our customers on the design of the electronic circuitry and component placement plan including the list of components required. Once that is agreed, input materials are procured. We generally do not maintain inventory of materials in excess of our production needs as we adopt the built to order approach instead of the build to stock approach. We will buy materials according to orders placed by our customers. However, in circumstances where our customer has agreed to absorb the costs of materials if not consumed, we will proceed to buy materials in advance before receiving a purchase order. This is mainly to hedge against movement in the cost of materials, especially where it involves longer production lead time.

7. BUSINESS OVERVIEW (Cont'd)

Under normal business conditions, our inventory policy is based on regular interval reviews on a monthly basis where an appropriate amount of inventory is ordered after each review for adequacy and reasonable stock level. Pursuant to the COVID-19 pandemic and disruption in the global supply chain including global shortages of semiconductors in 2020 and 2021, we carry out daily and weekly reviews to optimise production planning, procurement of materials and allocation of production facilities.

Prior to production, our factory floor will commence configuring the machinery and equipment to ensure efficient workflow.

- **SMT process**

The general process flow for SMT assembly comprises the following:

- loading the PCB for solder paste printing;
- solder paste printing on PCB followed by pre-reflow AOI on solder paste to ensure accuracy of solder paste;
- SMT pick and place to mount components onto the PCB;
- reflow soldering to fix the components firmly in their respective places; and
- post-reflow AOI of the PCBA.

Some of the PCBA may require further offline processing for bulky parts which will go through auto and manual insertions using PTH technology, which will require wave soldering or manual soldering.

Some customers may request additional inspection and testing on the completed PCBA.

- **Subassembly and finished product assembly**

In some situations, our customers require us to provide subassembly as well as full assembly up to finished product. Our subassembly, box build and system build assembly process mainly involve incorporating our completed PCBA with other electrical, mechanical, metal as well as non-metal parts.

- **Final testing and inspection**

We will carry out final inspection and testing on the completed subassemblies, box build finished products or system build finished products. Some of these testing procedures include, among others, the following:

- electrostatic discharge test;
- radio frequency test;
- amplitude test;
- wireless communications test;
- spectrum analysis;
- audio fidelity test; and

7. BUSINESS OVERVIEW (Cont'd)

- other functional tests.

The typical lead time for the manufacturing process from the receipt of purchase order to the finished products ranges from 5 to 8 weeks. The finished products will then be delivered to customers' designated hub or other destination points based on customers' instructions. Invoices for goods that were delivered to the hub will be issued once the goods are picked up by the customer or within 60 days from the date of delivery to customers' designated hub (regardless of whether the goods are picked up by the customer), whichever is earlier.

As for goods that are delivered to other destination points, invoices will be issued upon delivery of such goods. In addition, we extend a product warranty for a period ranging from 12 to 30 months after the delivery of our products for defects relating to workmanship. We may also be required to indemnify or hold our customers harmless against any product liability claims arising from products which we deliver to some of our customers. For the FYE Under Review and FPE 31 August 2021, there has been no product warranty claims and/or claim for indemnity in connection with product liability claims made against us. We are also not subject to impairment of finished goods due to cancellation of orders as our manufactured products are built to order.

7.9 SALES AND MARKETING ACTIVITIES

We will continue to market our EMS as our main driver of growth based on the following strengths:

- established track record of 28 years since we commenced business as an EMS provider in Malaysia;
- product and service quality supported by certifications including ANSI/ESD S20.20, EN ISO 13485, ISO 9001, ISO 14001, IATF 16949 and ISO 45001.
- recognitions and awards from our customers as well as government bodies and private organisations. For further details of our awards and recognitions, see Section 7.17 of this Prospectus.

We have adopted proactive sales and marketing strategies to expand our customer portfolio. Among others, we have focused our efforts in promoting our EMS services in various cities in the USA, China, Europe and Australia. Our marketing efforts are carried out by our business development team of 10 persons as at the LPD which is headed by our Executive Director, LHC.

Our business development team has been actively marketing and promoting our capabilities and services through cold calls of targeted potential customers and following up on referrals including those provided by our domestic and foreign suppliers. Through our proactive sales and marketing approach, we successfully secured two (2) new customers from Europe and other two (2) new customers from China (with one (1) of them being Customer F) during the FYE Under Review. These new customers have also enabled us to diversify our EMS to new product applications and industries including EMS for power modules and power control modules for the marine industry which requires waterproofing for its products as well as radiofrequency generator used in the semiconductor industry.

We will continue to increase our marketing efforts to address opportunities in the semiconductor components manufacturing supported by the following:

- our current semiconductor component manufacturing services for IoT modules will serve as a reference site for potential customers; and

7. BUSINESS OVERVIEW (Cont'd)

- our installation of new SMT lines specifically for the manufacturing of semiconductor components.

In addition, we will continue to market our original design products as follows:

- LED lighting; and
- lithium-ion battery pack system (future new product).

In conjunction with our marketing activities, we intend to develop and design new products to meet the varying needs of different industries and applications. Given this, our marketing and technical team will work closely with potential customers to understand their requirements.

Within LED lightings, our focus will continue to be industrial, commercial and community applications. As for lithium-ion battery pack system, our current development is focused on golf carts as a priority. By extension, we will also be developing the new lithium-ion battery pack system for similar applications such as battery-operated light vehicles for public areas including shopping centres, amusement parks, tourist attraction areas, airports and seaports, as well as industrial mobile robots and material handling vehicles such as forklifts.

We also intend to develop branding and marketing for our designed and manufactured LED lighting using our own BCM brand. Our marketing activities typically include participating in local and international trade shows with marketing materials incorporating product range and technical specifications as well as creating on-line presence. During the FYE 31 January 2021 and FPE 31 August 2021, we did not participate in any trade shows due to the COVID-19 pandemic.

7.10 MAJOR CUSTOMERS

Our top five (5) major customers and their contribution to our revenue in terms of amount and percentage for the FYE Under Review and FPE 31 August 2021 are as follows:

FYE 31 January 2019

Customer ⁽¹⁾	Country	Description of products sold	Length of relationship as at the LPD ⁽²⁾	Sales	Percentage of revenue
			years	RM'000	%
Customer A ⁽³⁾	Malaysia	Communication devices	5	101,017	28.2
Customer B ⁽⁴⁾	USA	Communication devices	23	79,192	22.1
Customer C ⁽⁵⁾	USA	Communication IoT devices	14	77,686	21.7
Customer D ⁽⁶⁾	Singapore	Telematic instrumentation devices	12	47,595	13.3
Customer E ⁽⁷⁾	Germany	Communication devices	24	15,131	4.2
Total sales				320,621	89.5
Our revenue				358,171	

7. BUSINESS OVERVIEW (Cont'd)

FYE 31 January 2020

Customer ⁽¹⁾	Country	Description of products sold	Length of relationship as at the LPD ⁽²⁾	Sales	Percentage of revenue
			years	RM'000	%
Customer A ⁽³⁾	Malaysia	Communication devices	5	114,906	29.5
Customer B ⁽⁴⁾	USA	Communication devices	23	83,025	21.3
Customer D ⁽⁵⁾	Singapore	Telematic instrumentation devices	12	76,770	19.7
Customer C ⁽⁶⁾	USA	Communication IoT devices	14	62,133	16.0
Customer E ⁽⁷⁾	Germany	Communication devices	24	18,544	4.8
Total sales				355,378	91.3
Our revenue				389,305	

FYE 31 January 2021

Customer ⁽¹⁾	Country	Description of products sold	Length of relationship as at the LPD ⁽²⁾	Sales	Percentage of revenue
			years	RM'000	%
Customer A ⁽³⁾	Malaysia	Communication devices	5	129,928	35.9
Customer B ⁽⁴⁾	USA	Communication devices	23	87,464	24.1
Customer C ⁽⁵⁾	USA	Communication IoT devices	14	63,355	17.5
Customer D ⁽⁶⁾	Singapore	Telematic instrumentation devices	12	24,972	6.9
Customer E ⁽⁷⁾	Germany	Communication devices	24	23,548	6.5
Total sales				329,267	90.9
Our revenue				362,165	

7. BUSINESS OVERVIEW (Cont'd)**FPE 31 August 2021**

Customer ⁽¹⁾	Country	Description of products sold	Length of relationship as at the LPD ⁽²⁾	Sales	Percentage of revenue
			years	RM'000	%
Customer A ⁽³⁾	Malaysia	Communication devices	5	59,632	29.8
Customer C ⁽⁵⁾	USA	Communication IoT devices	14	47,657	23.8
Customer B ⁽⁴⁾	USA	Communication devices	23	40,312	20.2
Customer D ⁽⁶⁾	Singapore	Telematic instrumentation devices	12	19,622	9.8
Customer E ⁽⁷⁾	Germany	Communication devices	24	9,763	4.9
Total sales				176,986	88.5
Our revenue				200,038	

Notes:

- (1) The names of Customer A, Customer B, Customer C, Customer D and Customer E have not been disclosed to safeguard the competitive position of our Group and our major customers in the market in which we and/or our major customers operate.
- (2) Rounded up to the nearest whole year if six (6) months or more and vice versa.
- (3) Customer A operates in the EMS industry in Malaysia and is principally involved in the assembly and manufacturing of computers, computer peripherals, electronic sub-assembly, medical, telecommunications, multimedia, consumer and renewable energy products. Customer A is a Malaysian subsidiary of a public listed company incorporated in the USA and listed on the Nasdaq Stock Market in the electronic components industry under the technology sector. Customer A's holding company is principally involved in the provision of integrated manufacturing solutions including printed circuit board assembly, components, products and services including interconnect systems and mechanical systems.
- (4) Customer B operates in the communication products and services industry in the USA and is principally involved in the provision of communication infrastructure, devices, accessories, software, services and systems integration for radio and TV broadcasting and communications equipment, with more than 100,000 public safety and commercial customers in over 100 countries. Customer B is an American company listed on the New York Stock Exchange in the communication equipment industry under the technology sector.
- (5) Customer C operates in the wireless communications industry in the USA and is principally involved in the provision of wireless IoT communication devices including telematics, GPS asset tracking, cellular modems, wireless telemetry, and rental applications. Customer C is an American subsidiary of a public listed company incorporated in the UK and listed on the New York Stock Exchange in the scientific and technical instruments industry under the technology sector. Customer C's holding company is involved in the manufacture and distribution of electronic components including automotive sensors, motor protectors, circuit breakers, thermostats, pressure sensors and switches.
- (6) Customer D operates in the energy services industry in Singapore and is principally involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry. Customer D is a Singaporean subsidiary of a public listed company incorporated in the USA and listed on the New York Stock Exchange in the oil and gas equipment and services industry under the energy sector. Customer D's holding company is likewise involved in the manufacturing of machinery and equipment, and provision of support services for the energy industry, with operations in a multitude of jurisdictions.

7. BUSINESS OVERVIEW (Cont'd)

- (7) *Customer E operates in the wireless communications industry in Germany and is principally involved in the provision of wireless infrastructure communication systems, radio communications and its accessories. Customer E is a German subsidiary of Customer B.*

None of our Directors, Promoters and substantial shareholders has any interest in, or undue influence over, any of our major customers.

We are dependent on the following customers by their sales contribution of more than 15% to our revenue for any one or more years/period during the FYE Under Review and FPE 31 August 2021, and our business relationship with them are set out below:

(i) Customer A

As at the LPD, Customer A has been our customer for five (5) years. Revenue from Customer A accounted for 28.2%, 29.5%, 35.9% and 29.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

We provide EMS of communication devices to Customer A in Malaysia. Our subsidiary, BCM Electronics, had on 1 February 2016 entered into the Customer A Supplier Managed Inventory Agreement and pursuant to the said agreement, purchase orders are placed by Customer A for the supply of products to support inventory levels of Customer A at a hub located in Penang. See Section 7.22 of this Prospectus for the salient terms of the Customer A Supplier Managed Inventory Agreement.

We also deal with three (3) related companies of Customer A which are located in Brazil and USA. These three (3) companies, together with Customer A, collectively accounted for 28.3%, 29.7%, 36.1% and 30.0% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Customer A's manufacturing operations in Penang, Malaysia was previously operated by a company related to Customer B ("**Customer B Related Company**") and had formed part of Customer B's group's manufacturing operations in Malaysia. In February 2016, Customer A's holding company, a company incorporated in the USA and listed on the Nasdaq Stock Market, acquired the said manufacturing facility in Penang from Customer B Related Company after Customer B Related Company decided to dispose it. Following the acquisition of the manufacturing facility, our business relationship with the manufacturing operations in Penang continued, with Customer A becoming our Group's new customer in place of Customer B Related Company. Notwithstanding, all the products sold by our Group to Customer A are for the purposes of Customer B's inventories.

(ii) Customer B and Customer E

As at the LPD, Customer B has been our customer for 23 years. Revenue from Customer B accounted for 22.1%, 21.3%, 24.1% and 20.2% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 October 2011 entered into the Customer B Manufacturing Services Agreement for the provision of EMS including procurement, assembly, test and other services. The Customer B Manufacturing Services Agreement also extends to the provision of EMS to Customer E which is a German subsidiary of Customer B. See Section 7.22 of this Prospectus for the salient terms of the Customer B Manufacturing Services Agreement.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, Customer E has been our customer for 24 years. Customer E accounted for 4.2%, 4.8%, 6.5% and 4.9% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 respectively. Prior to establishing our relationship with Customer B and Customer E, we had already commenced business relationship with a subsidiary of Customer B in Malaysia back in 1993 for the provision of EMS.

We also deal with three (3) related companies of Customer B and Customer E, which are located in Malaysia, China and Brazil. These three (3) companies, together with Customer B and Customer E, collectively accounted for 29.7%, 31.0%, 34.3% and 27.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iii) Customer C

As at the LPD, Customer C has been our customer for 14 years. Customer C accounted for 21.7%, 16.0%, 17.5% and 23.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 August 2018 entered into the Customer C Manufacturing And Supply Agreement for the provision of EMS including procurement, assembly, testing and other services. See Section 7.22 of this Prospectus for the salient terms of the Customer C Manufacturing And Supply Agreement.

We also deal with a related company of Customer C which is located in Lithuania. This customer, together with Customer C, collectively accounted for 21.7%, 16.0%, 18.1% and 24.7% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

(iv) Customer D

As at the LPD, Customer D has been our customer for 12 years. Customer D accounted for 13.3%, 19.7%, 6.9% and 9.8% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Our subsidiary, BCM Electronics, had on 1 March 2016 entered into a master purchase agreement for goods and services with a related company of Customer D. Subsequently, BCM Electronics had on 1 October 2020 entered into the **Customer D Related Co Master Purchase Agreements**. Arising from the Customer D Related Co Master Purchase Agreements, BCM Electronics had on 17 June 2016 entered into an affiliate addendum agreement with Customer D for the provision of EMS including procurement, assembly, testing and other services by us to Customer D ("**Customer D Affiliate Addendum Agreement**"). See Section 7.22 of this Prospectus for the salient terms of the Customer D Related Co Master Purchase Agreements and Customer D Affiliate Addendum Agreement.

We also deal with a related company of Customer D which is located in the USA. This customer, together with Customer D, collectively accounted for 13.7%, 20.8%, 7.9% and 11.4% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

7. BUSINESS OVERVIEW (Cont'd)

Our EMS customers and us are mutually dependent which helps to strengthen our business relationships with them and create customer loyalty. Some of the factors contributing to such mutual dependencies include the following:

(i) Lead time and investments in time and resources for new products

Our EMS customers and us are mutually dependent mainly due to the investment in time and resources, and the lead time required to bring a new product to mass production.

For each new product, we will need to go through a process that includes prototyping, design for manufacturability and testability, pilot production run, and testing and qualifying products prior to mass production. The process from project commencement to mass production may take between one to two years working closely with these customers.

As our EMS customers are required to also invest their time and resources to bring a new product to mass production, our customers are reluctant to change EMS providers unless there are extenuating circumstances. Our EMS customers will need to go through the whole new product development process to qualify new EMS providers prior to mass production.

(ii) Customised and application specific EMS solution

We provide customised and application specific EMS solutions to our customers which strengthens our business relationships with them, Our EMS are focused on industrial electronic products that require customising the manufacturing process to meet each customer's specifications and requirements as opposed to manufacturing generic products that can be used across a number of applications and potential customers.

As many of our products are for critical applications necessitating a low failure rate, we are commonly required to conduct 100% testing on the manufactured products as opposed to products that require only sample testing of the manufactured products. This is predicated by the application of our products used as part of a process where product failure will affect the entire process resulting in loss production time or processing capabilities. As an example, a failed IoT product would mean that the operator would lose track of its assets or halt a production line if the IoT is used for machine-to-machine communication in a manufacturing process.

Additionally, in another situation, our products are used in remote and inhospitable environments in deep subterranean locations that are subject to high temperature and harsh operating conditions where replacement of any faulty product would be costly due to loss in production.

7. BUSINESS OVERVIEW (Cont'd)

(iii) Provision of specialised services

We provide specialised services that strengthen our business relationships with our customers and create customer loyalty.

- Manual high melting point and gold soldering

We have the capabilities to carry out manual high melting point and gold soldering as part of the board assembly process. This is for low volume, high-value jobs. For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, revenue derived from products that had involved high melting point and gold soldering as part of the board assembly process accounted for RM49.1 million (13.7% of our revenue), RM80.9 million (20.8% of our revenue), RM28.6 million (7.9% of our revenue) and RM22.8 million (11.4% of our revenue), respectively.

High melting point and gold soldering are required for PCBA in equipment used in remote, harsh, hazardous and high temperature conditions including monitoring and logging tools used in oil and gas wells. The equipment used is expected to work continuously for a long time as it is difficult and expensive to reach the device to replace any faulty PCBA.

We can perform high melting point soldering for working temperatures between 430 degrees °C and 450 °C. Gold soldering is used due to its good conductivity, tolerance to high temperatures, resistance to tarnish and is durable. As at the LPD, we have a team of 137 skilled personnel that holds the IPC-A-610 Class 3 certification including 12 skilled personnel certified to carry out high melting point soldering and 5 skilled personnel certified to carry out gold soldering manually. The remaining 120 personnel mainly carry out any mechanical assembly and inspection as required.

- Developing and providing customised test programmes

Aside from providing EMS services for communication devices, we also have in-house technical expertise to develop test programmes including software coding to test communication devices such as IoT devices that use various communications protocols such as global positioning system, Zigbee, Bluetooth, Wifi as well as mobile cellular communications protocol from third-generation (3G) up to fifth-generation (5G) wireless standard.

In addition, we are able to develop test programmes for power supply management incorporating tests for safety, power leakage and power isolation, as well as to carry out burn-in tests.

Our ability to design and code test programmes and to carry out testing of, among others, communication devices is a key competitive advantage as we can provide a one-stop solution for the convenience of our customers. This ability has helped consolidate our position as an EMS provider that enables us to build customer loyalty.

The mutual dependency between our EMS customers and us is demonstrated by our continuing business relationships with them where we have been dealing with our top 5 (five) major customers for a considerable number of years, ranging from five (5) years up to 24 years, with two (2) of them for 23 and 24 years as at the LPD.

7. BUSINESS OVERVIEW (Cont'd)**7.11 MAJOR SUPPLIERS**

Our top five (5) major suppliers and their contribution to our purchases in terms of amount and percentage for the FYE Under Review and FPE 31 August 2021 are as follows:

FYE 31 January 2019

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD* years	Purchases RM'000	Percentage of purchases %
MFS Technology (M) Sdn Bhd (" MFST ")	Malaysia	Flexible PCB	7	32,226	10.7
Dynacast (Singapore) Pte Ltd (" Dynacast ")	Singapore	Metal and mechanical parts	24	19,808	6.6
Arrow Electronics Asia (S) Pte Ltd (" AEA ")	Singapore	Semiconductor components (mainly IC and discrete components)	23	15,457	5.1
Golden Bridge Electech Inc (" GBE ")	Taiwan	Cables and electrical connectors	24	14,850	4.9
TTI Electronics Asia Pte Ltd	Singapore	Semiconductor components (mainly discrete components)	22	10,345	3.4
Total purchases				92,686	30.7
Our purchases				302,374	

7. BUSINESS OVERVIEW (Cont'd)

FYE 31 January 2020

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD* years	Purchases	Percentage of purchases
				RM'000	%
MFST	Malaysia	Flexible PCB	7	36,237	12.4
Dynacast	Singapore	Metal and mechanical parts	24	24,005	8.2
GBE	Taiwan	Cables and electrical connectors	24	17,187	5.9
AEA	Singapore	Semiconductor components (mainly IC and discrete components)	23	14,761	5.0
Newtec International Ltd	Hong Kong	Mechanical parts (plastic enclosures)	14	10,898	3.7
Total purchases				103,088	35.2
Our purchases				292,507	

FYE 31 January 2021

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD* years	Purchases	Percentage of purchases
				RM'000	%
MFST	Malaysia	Flexible PCB	7	47,660	16.4
AEA	Singapore	Semiconductor components (mainly IC and discrete components)	23	21,557	7.4
Dynacast	Singapore	Metal and mechanical parts	24	20,294	7.0
GBE	Taiwan	Cables and electrical connectors	24	18,709	6.4
Banshing Industrial Co Pte Ltd	Singapore	Mechanical parts (plastic enclosures)	23	14,579	5.0
Total purchases				122,799	42.2
Our purchases				290,951	

7. BUSINESS OVERVIEW (Cont'd)**FPE 31 August 2021**

Supplier	Country of origin	Main type of materials purchased	Length of relationship as at the LPD* years	Purchases RM'000	Percentage of purchases %
MFST	Malaysia	Flexible PCB	7	19,743	10.6
AEA	Singapore	Semiconductor components (mainly IC and discrete components)	23	16,113	8.7
Dynacast	Singapore	Metal and mechanical parts	24	11,858	6.4
GBE	Taiwan	Cables and electrical connectors	24	8,938	4.8
Newtec International Ltd	Hong Kong	Mechanical parts (plastic enclosures)	14	7,026	3.8
Total purchases				63,678	34.3
Our purchases				185,545	

Note:

* Rounded up to the nearest whole year if six months or more and vice versa.

We are not dependent on any of our major suppliers for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 mainly for the following reasons:

- we mainly procure our input materials from our customers' approved list of suppliers as we are contractually obligated to purchase input materials from our customers' approved list of suppliers for customers which we have agreements with;
- MFST, being our top major supplier for the FYE Under Review and FPE 31 August 2021, is a customer approved supplier; and
- we have more than one supplier for each of the input materials that we purchase.

7. BUSINESS OVERVIEW (Cont'd)

7.12 TYPES AND SOURCES OF INPUT MATERIALS

The following are the major types of input materials that we purchase for our manufacturing operations for the FYE Under Review and FPE 31 August 2021:

	FYE 31 January						FPE 31 August 2021	
	2019		2020		2021		RM'000	%
	RM'000	%	RM'000	%	RM'000	%		
PCB and semiconductor components								
Flexible and rigid PCB	59,576	19.7	64,206	22.0	63,492	21.8	25,375	13.7
IC	44,877	14.8	36,632	12.5	35,793	12.3	29,551	15.9
Discrete components	47,816	15.8	38,904	13.3	30,658	10.6	22,409	12.1
Sub-total	152,269	50.3	139,742	47.8	129,943	44.7	77,335	41.7
Electrical, mechanical and related parts								
Electrical connectors	35,247	11.7	33,975	11.6	38,241	13.1	6,601	3.5
Electromechanical components	28,091	9.3	12,456	4.3	8,119	2.8	9,142	4.9
Acoustic parts	27,797	9.2	30,584	10.5	33,761	11.6	1,976	1.1
Mechanical parts	20,952	6.9	38,729	13.2	40,274	13.8	50,783	27.4
Cables and wires	11,834	3.9	11,986	4.1	15,721	5.4	16,542	8.9
Subassembly	11,420	3.8	8,480	2.9	6,442	2.2	10,250	5.5
Fasteners	4,220	1.4	5,253	1.8	5,055	1.7	2,604	1.4
Others ⁽¹⁾	10,544	3.5	11,302	3.8	13,395	4.6	10,312	5.6
Sub-total	150,105	49.7	152,765	52.2	161,008	55.3	108,210	58.3
Total	302,374	100.0	292,507	100.0	290,951	100.0	185,545	100.0

Note:

(1) Include, among others, crystal filters, labelling materials, solder paste and wire, chemicals, and switches.

7. BUSINESS OVERVIEW (Cont'd)

Our main input materials for our manufacturing operations are as follows:

- **PCB and semiconductor components:** The purchases of PCB and semiconductor components accounted for 50.3%, 47.8%, 44.7% and 41.7% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

PCB and semiconductor components that were used for our EMS operations mainly included the following:

- Flexible and rigid PCB;
- IC; and
- discrete components including diodes, transistors, rectifiers, LED, optocoupler/optoisolator, and passive components such as resistors, capacitors, thermistors, varistors and inductors.

These input materials are mainly used during the SMT process, where the IC and discrete components will be mounted onto the PCB.

- **Mechanical, electrical and related parts:** The purchases of mechanical, electrical and related parts accounted for 49.7%, 52.2%, 55.3% and 58.3% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

The electrical, mechanical and related parts that we purchase are as follows:

- Electrical connectors refer to d-sub connectors and jack screws;
- Electromechanical components refer to magnets, inductor coils, transformers, adaptors, switches and antennas;
- Acoustic parts include microphones, speakers and receivers;
- Mechanical parts mainly include plastic enclosures and parts, metal parts, rubber parts and aluminium die-cast parts;
- Cables and wires, as well as wire assemblies;
- Subassemblies mainly used for box build and system build finished products; and
- Fasteners, crystal filters, labelling materials, solder paste and wires, chemicals and switches.

These materials were mainly used for our subassemblies as well as box build and system build finished products including routing of cables and harness assembly, simple enclosure assembly with displays or interfaces, and final product packing.

- Imported input materials accounted for 75.4%, 74.8%, 70.2% and 67.8% of our purchases of input materials for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

7. BUSINESS OVERVIEW *(Cont'd)*

7.13 SEASONALITY

Our revenues are typically lower in the first half of our financial year because our customers plan ahead for their requirements for the entire year and accordingly, the bulk of orders from our customers are typically received after the end of festive periods, namely the calendar new year and Chinese new year, which occur at the beginning of the year. Invoices for orders being delivered are issued progressively in subsequent months depending on our production processes and lead times applicable.

7.14 R&D

In general, our R&D policies are aimed at creating value for our customers in the electronics and semiconductor industries. Our R&D involves the following:

- We place emphasis on our strengths in providing engineering support to customers where our involvement in design is mainly to facilitate product manufacturability and testability during the early stages of product development. We also build prototypes to carry out test on manufacturability and testability, and to analyse product design feasibility before the product progresses on to the pilot production phase and subsequently to mass production.
- Our experience in assisting design work provides us with additional knowledge, skill and experience to understand and to assist our customers in ensuring optimum product and electrical design to facilitate optimum manufacturing process.
- Part of our engineering support services included development of test system including software and hardware to ensure that the required level of testability features including test coverage and times are incorporated.

See Section 7.6.3.1 of this Prospectus for further details of the engineering support services and Section 7.6.3.2(c) of this Prospectus for further details of our capabilities on inspection and testing programmes.

- In addition, through our in-house product development efforts, we also design and manufacture our brand of LED lighting. We also plan to develop a new lithium-ion battery pack system for light vehicles. See Section 7.4.4 of this Prospectus for further details of our new product.

For the FYEs Under Review and FPE 31 August 2021, our R&D expenditure accounted for less than 1% of our revenue, as follows:

	FYE 31 January			FPE
	2019	2020	2021	31 August 2021
R&D expenditure (RM'000)	821.6	915.1	695.6	311.8
Percentage of our revenue (%)	0.2	0.2	0.2	0.2

7. BUSINESS OVERVIEW (Cont'd)

7.15 TECHNOLOGIES USED

As an EMS provider of industrial electronic products, we primarily use the following technologies in our production operations:

- SMT; and
- various inspection and testing systems, some of which are customised and developed by our technical team to meet the specific requirements of our customers.

Our production facility in Kulim Hi-Tech Park, Kedah is fully integrated with our MES. It is a real time production monitoring system that tracks our production process. We designed and developed our MES in 2018 during the FYE 31 January 2021. As we had designed and developed our MES, we can continuously improve it to meet new requirements and incorporate additional functionalities.

The main objective of the implementation of our MES is to ensure that our end-to-end manufacturing procedures are based on pre-determined detailed workflow. This enables us to convert customer orders into instructions for the manufacturing process which allow our factory floor operators to follow step by step instructions. Some of the functions of our MES include, among others, the following:

- detect and report any faults or breakdowns of each equipment in the production line;
- provide statistics on product throughput, setting parameters of the equipment, tasks performed, reject rates and inline testing results on our SMT lines; and
- real time online partitioned and password enabled remote access.

With our MES, we can trace and identify all movements and processes carried out for all components and products that pass through our production facility. We monitor every stage of the manufacturing process, starting from input materials till the delivery of final goods to our customers.

Our MES also helps prevent incorrect placement of parts packed in tubes, reels or tapes through a series of barcoding, scanning, registration and pairing process. As such, when the tubes, reels or tapes are fed into the feeder slot, our MES can ascertain that they are attached to the correct slot to prevent the pick and place equipment from picking up the wrong component.

Our MES' value added service for our customers provides us with a key differentiating factor to retain our existing customers and also serve as one more advantage to attract new customers.

7.16 MATERIAL INTERRUPTIONS TO OUR BUSINESS

Save as disclosed below, there has not been any material disruption to our business activities during the past 12 months prior to the LPD:

COVID-19 pandemic

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 commencing from 18 March 2020 and these measures included restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. As a result, our EMS business operations in Malaysia were temporarily interrupted by these measures. We also experienced a disruption in the global supply chain arising from the COVID-19 pandemic.

7. BUSINESS OVERVIEW (Cont'd)

7.16.1 Various MCO measures in 2020

MCO

On 16 March 2020, the Government announced the MCO to curb the spread of COVID-19 in Malaysia. The first phase of MCO took place from 18 March 2020 to 31 March 2020 and measures under the MCO included, among others, the closure of all businesses except those classified under "essential services" or business that have received written approval to operate from the MITI, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia.

During the MCO period, our business operations was temporarily suspended for 5 days from 18 March 2020 to 23 March 2020. Our EMS operations resumed partial operations from 24 March 2020 for 37 days before resuming full operations from 29 April 2020.

During the MCO, our Group's operational activities included the following:

- (a) our administrative and supporting staff (indirect workforce) worked from home on a rotation basis for 37 days from 23 March 2020 to 29 April 2020.
- (b) our EMS business operations were temporarily suspended for 5 days and were in partial operations for 37 days due to the following restrictions imposed by the Government:
 - During phase 1 MCO (effectively from 18 March 2020 to 31 March 2020), based on a letter of approval from the MITI dated 24 March 2020, we were permitted to resume our EMS operations at 30% capacity;
 - Similarly, during phase 2 MCO (effectively from 1 April 2020 to 14 April 2020), based on a media release from the MITI dated 25 March 2020, we were permitted to continue our EMS operations at 30% capacity;
 - During phase 3 MCO (effectively from 16 April 2020 to 28 April 2020), we obtained a second approval letter from the MITI dated 16 April 2020 where we were permitted to increase our EMS operations from 30% to 50% capacity; and
 - On 29 April 2020, we resumed full manufacturing operations upon commencement of phase 4 of the MCO.

During these periods, our operations were running on two 8-hour shifts, instead of two 12-hour shifts per day.

CMCO period

The Government implemented the CMCO from 4 May 2020 to 9 June 2020. The CMCO relaxed some of the measures implemented during the MCO, including allowing many economic sectors to resume business provided that specified guidelines and SOP are followed. Restrictions on the movement of people within Malaysia were also relaxed while restrictions on international travel were modified slightly.

On 29 April 2020, we continued with our operations and all of our office staff were allowed to return to the head office while complying with guidelines and SOP. While we experienced some reduction in our Group's business activities during the CMCO period, the reduction was lesser compared to the MCO period.

7. BUSINESS OVERVIEW (Cont'd)

RMCO period

The CMCO was followed by the RMCO from 10 June 2020 to 31 December 2020. Starting from 10 June 2020, almost all economic sectors were allowed to resume provided they follow specified guidelines and SOP. The movement of people within Malaysia was further relaxed with subsisting restrictions on international travel during the CMCO period. Our business operations continued to operate at full capacity according to specified guidelines and SOP.

Re-imposition of the CMCO

Subsequent to the RMCO, there were targeted enhanced MCO (TEMCO) imposed in specific locations resulting from a resurgence in COVID-19 infections. On 12 October 2020, the Government announced the imposition of the CMCO in Selangor, Kuala Lumpur and Putrajaya from 14 October 2020 which was further extended to 20 December 2020. The measures imposed under the CMCO included, among others, restrictions on the movement of people within affected areas including prohibiting inter-district movements, limiting the operational hours of certain services such as restaurants and supermarkets, and closure of schools. During this period, we continued to operate at full capacity according to specified guidelines and SOP.

7.16.2 Various MCO measures in 2021

Re-imposition of the MCO (MCO 2.0 and MCO 3.0), CMCO and RMCO

The CMCO was uplifted and a second MCO (MCO 2.0) was imposed immediately from 13 January 2021 and subsequently, transitioned to CMCO or RMCO depending on state. Subsequently, following increases in the number of new COVID-19 cases, the third MCO (MCO 3.0) was re-imposed in Kelantan from 16 April 2021, followed by six districts in Selangor which started from 6 May 2021 as well as Kuala Lumpur and several districts and mukims in Terengganu, Johor and Perak from 7 May 2021.

On 10 May 2021, the Government announced nationwide re-imposition of MCO starting from 12 May 2021 to 7 June 2021. The measures imposed under the MCO included, among others, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia, the closure of all businesses except those classified under "essential economic sector" or have received written approval to operate from the MITI and only 30% of employees in the top management group are allowed to be in the office. During this period, we continued to operate according to specified guidelines and SOP.

MCO measures under the National Recovery Plan in 2021

On 28 May 2021, the Government announced the imposition of a nationwide full lockdown movement control order (FMCO). Under the FMCO, all sectors were not allowed to operate during this period except for those in the essential economic and service sectors. Other control measures implemented included restrictions on the movement of people within Malaysia and internationally, and restrictions of business, economic, cultural and recreational activities.

7. BUSINESS OVERVIEW (Cont'd)

Subsequently, on 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis and the MCO which will be from June 2021 to December 2021. The NRP consists of four phases including Phase 1 FMCO which commenced from 1 June 2021. The second phase will be implemented if the first phase succeeds in reducing the number of daily COVID-19 cases which will allow the reopening of some economic sectors in stages. Social activities and movements will continue to be tightly controlled with interstate travel prohibited. This will be followed by the third phase where nearly all economic sectors will be allowed to operate subject to strict SOP and restrictions on the number of people allowed to be physically present at workplaces. Lastly, the fourth phase will see a full reopening of the economy where interstate travel and domestic tourism will also be allowed.

Under the Phase 1 of the NRP, certain economically strategic industries are allowed to remain open including aerospace, oil and gas, manufacturing as well as electrical and electronics ("E&E") sectors. We are operating within the E&E sector where we continued to operate during the Phase 1 of the NRP based on the latest SOP, with the exception of a two-day closure of our head office and our manufacturing plant for thorough cleaning and disinfection on 1 June 2021 and 2 June 2021.

7.16.3 Measures and steps taken in our business operations in response to COVID-19 pandemic

We have and will continue to manage our supply chain to ensure that we have a continuing supply of input materials to meet our production schedules. Since the resumption of our business on 29 April 2020, we took precautionary measures and implemented the following SOP for our business and operations:

- (i) Health declaration where all employees and visitors must declare their travel history and current health status before entering the company's premises;
- (ii) Implementation of contact tracing system where temperature measurements as well as contact details of visitors, suppliers and employees, must be recorded before they enter the office and factory;
- (iii) Practising social distancing in the office, cafeteria, warehouse and production area;
- (iv) Visitors, suppliers and employees are always required to wear face masks in our premises;
- (v) Minimising physical meetings and avoiding unnecessary business-related travelling;
- (vi) Periodically communicate with employees about COVID-19 updates and awareness;
- (vii) Provides hand sanitisers at entrances at all common areas. Regular sanitisation and cleaning process especially in common areas such as the lobby, meeting rooms, toilets, cafeteria, prayer rooms and office doors;
- (viii) Van and bus use to transport our employees to and from our factory; and
- (ix) Carry out regular sanitisation and disinfection process of various parts of our factory and some common areas of our office.

7. BUSINESS OVERVIEW (Cont'd)

If any of our employees are infected with COVID-19, we may be required to temporarily shut down our operations for some time or as advised by the MOH to contain the spread of COVID-19. Furthermore, in the event of an infection, all of our employees will have to undergo COVID-19 testing.

Employees tested positive for COVID-19

Since March 2020 and up to the LPD, a total of 234 of our employees from our head office and manufacturing plant were tested positive for COVID-19. Following the incident, we carried out the following:

- the 234 affected employees were placed under self-quarantine. We conducted contact tracing and identified a total of 687 close contacts of the 234 affected employees. All of these close contacts were placed under self-quarantine for 10 or 14 days as instructed by the MOH and only allowed to return to our head office and manufacturing plant after the quarantine period. All the close contacts also underwent COVID-19 tests and those who were tested positive for COVID-19 were placed under self-quarantine. We paid the majority of the COVID-19 tests cost including the test costs for the close contacts. The total cost of these tests was approximately RM76,773;
- at the same time, we carried out thorough cleaning and disinfection of our affected premises on 21 January 2021, as well as closure of our head office and manufacturing plant for two (2) days on 1 June 2021 and 2 June 2021 for thorough cleaning and disinfection; and
- generally, we have been carrying out regular sanitisation and cleaning three times per day for common areas during operations and five times per day for the production floor.

As at the LPD, out of the 234 positive COVID-19 cases, only 3 cases were active.

We strive to maintain and provide a safe and healthy workplace for our employees. Under the Program Imunisasi COVID-19 Kerjasama Awam-Swasta (PIKAS), we sponsored 720 of our employees for COVID-19 vaccination on 22 July 2021 amounting to RM61,920. Subsequently on 5 September 2021, we further sponsored 194 employees for COVID-19 vaccination under the PIKAS amounting to RM16,684. As at the LPD, 1,022 or 99.3% of our employees are fully vaccinated.

7.16.4 Impact on our business and financial performance

FYE 31 January 2021

For the FYE 31 January 2021, we faced delays in obtaining certain input materials for our EMS operations as there were disruptions in the global supply chain arising from the COVID-19 pandemic. In addition, our EMS operations were affected due to the restrictions imposed by the Government during the MCO period, which resulted in delays in fulfilment of sales orders to our customers. Upon the resumption of our manufacturing operations, we continued to take the necessary precautions while working under the various constraints imposed by the Government during the MCO as mentioned above.

7. BUSINESS OVERVIEW (Cont'd)

As a result of the restrictions imposed by the Government during the MCO period, this had adversely affected our production and revenue in the first quarter of FYE 31 January 2021 as summarised in the table below:

	Qtr1 FYE2021 <i>(Feb 2020 - Apr 2020)</i>	Qtr2 FYE2021 <i>(May 2020 - Jul 2020)</i>	Qtr3 FYE2021 <i>(Aug 2020 - Oct 2020)</i>	Qtr4 FYE2021 <i>(Nov 2020 - Jan 2021)</i>
Revenue (RM'000)	54,995	100,986	97,108	109,077
Quarter-on- quarter change (%)	-44.3%	83.6%	-3.8%	12.3%

Our Group's revenue of EMS business declined by 44.3% in the first quarter of FYE 31 January 2021 compared to the fourth quarter of the previous financial year mainly due to disruptions in the global supply chain arising from the COVID-19 pandemic which resulted in delays in fulfilment of sales orders. During the first quarter of FYE 31 January 2021, we experienced a temporary suspension of our EMS operations by five (5) days with partial operations for 37 days during the MCO period. Our business operations were permitted to operate at 50% of our capacity from 16 April 2020 onwards and subsequently on 29 April 2020 we resumed full operations. In this respect, our manufacturing activities in the second half of year was higher to make up for lost time from the lower manufacturing activities in the first half of the year.

In general, our delivery schedules were impacted due to the MCO and COVID-19 conditions. We notified our customers about disruptions and constraints resulting from the MCO and they agreed to the deferment of our delivery schedules. Accordingly, we do not expect any liquidated ascertained damages to be imposed on us for late delivery of those attributable to the MCO.

In addition, there was a delay in installation of backend testing and packing line for the two semiconductor component manufacturing lines which were initially planned for commissioning in July 2020. Due to the COVID-19 conditions, the installation of the backend testing and packing lines were rescheduled and completed in January 2021. In this respect, the delays in the installation of the backend testing and packing lines affected our manufacturing processes where we had to carry out manual testing and packing prior to January 2021.

As a result of the above business interruptions, our financial performance was affected as we continued to incur factory overhead and administrative expenses including staff cost, depreciation expenses, finance cost and other administrative costs. We also incurred additional medical cost for testing of our staff and factory workers. For the FYE 31 January 2021, our total medical and related costs incurred were RM0.2 million. Although we have resumed full operations since 29 April 2020, our revenue and profit for the FYE 31 January 2021 were impacted due to the interruptions to our operations as mentioned above. Our revenue decreased by 7.0% or RM27.1 million and PBT decreased by 45.0% or RM14.6 million in the FYE 31 January 2021.

7. BUSINESS OVERVIEW (Cont'd)**FYE 31 January 2022**

Pursuant to the FMCO that started on 1 June 2021, we continued to operate according to specified guidelines and the latest SOP where our business operations operated at 60% capacity of workforce during Phase 1 of the NRP. Based on 60% capacity, we extended our operating days from 5.5 days a week to 7 days a week which enabled us to achieve an overall of 85% of operating hours per week during the period.

	Normal with 100% workforce	FMCO with 60% workforce operating 5.5 days per week	FMCO with 60% workforce operating 7 days per week
Proportion of workforce	100%	60%	60%
Operating days per week	5.5 days	5.5 days	7 days
Operating hours	48,000 hours	28,800 hours	40,800 hours
Operating hours per week during FMCO compared to normal day	100%	60%	85%

Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in fulfilling sales orders. However, with 85% operating capacity during the FMCO period, we were able to reduce potential delays for our planned production. In addition, the increase in positive COVID-19 cases amongst our staff between July and August 2021 have also resulted in disruptions of operations due to staffing and allocation of workers. As a result of the restrictions imposed by the Government and the increase in positive COVID-19 cases as mentioned above, our business operations and our monthly revenue for the FPE 31 August 2021 and up to the LPD was affected as summarised in the table below:

	FPE 31 August 2021 and up to the LPD								
	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021
Revenue (RM'000)	17,654	30,961	36,501	31,532	30,478	28,466	24,445	28,504	32,273
Month-on- month change (%)		75.38	17.90	-13.61	-3.34	-6.60	-14.13	16.60	13.23

After the uplifting of the Phase 1 NRP condition, we have increased our manufacturing activities to make up for the lost time from the lower manufacturing activity during the FMCO period between the months of June and August 2021. In the event that any prolonged outbreak of the COVID-19 and/or any the implementation of FMCO measures prolonged and/or increase in restrictions to enhanced MCO, this could adversely affect our manufacturing operations and in turn could have an impact on our financial performance for the second half of 2021. Nevertheless, we are of the view that our revenue for the FYE 31 January 2022 will not be materially affected. For the FPE 31 August 2021, our overall revenue increased by 7.8% to RM200.0 million compared to the FPE 31 August 2020.

In addition, we have notified our customers about disruptions and constraints resulting from the FMCO and they have agreed to the deferment of our delivery schedules. In this respect, we do not expect any liquidated ascertained damages to be imposed on us for late delivery of those attributable to the FMCO since 1 June 2021.

7. BUSINESS OVERVIEW (Cont'd)

Pursuant to the COVID-19 pandemic and the disruptions in global shortage of semiconductors, our customers issue a longer term purchase orders ahead of the requested delivery date for some of our major customers. As at the LPD, we have unbilled purchase orders of approximately RM482.7 million which we are required to fulfill ranging from three (3) months and up to 25 months based on the agreed delivery date as requested by our customers. For further details on unbilled purchase orders, see Section 12.2.19 of this Prospectus. As at the LPD, we have been fulfilling the deliveries based on the agreed delivery date.

Based on the audited combined statements of financial position of our Company as at 31 August 2021, our cash and short-term deposits amounted to RM15.9 million and our total borrowings were RM127.2 million. As at 31 August 2021, our gearing ratio is 1.4 times and current ratio is 1.3 times. As at the LPD, banking facilities available to us for working capital purposes amounted to RM122.0 million, of which RM19.1 million has yet to be utilised.

Accordingly, based on the foregoing and taking into consideration our funding requirements for our committed capital expenditure, expected cash flow to be generated from our operations after adjusting for the Pre-IPO Dividend of RM3.2 million as set out in Section 12.5 of this Prospectus, the impact of the COVID-19 pandemic on our business and the amount of approximately RM1.7 million which has been returned to Mimos and would not be recoverable should BCM Electronics be unsuccessful in its application to the Federal Court of Malaysia as set out in Section 14.6 of this Prospectus, the amount that is available under our existing banking facilities as well as the proceeds to be raised from the Public Issue, we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus. For details of the impact of COVID-19 pandemic on our Group, see Sections 7.16 and 12.2.2(e) of this Prospectus.

As at the LPD, we have not received any claw-back or reduction in banking facility limits granted to us by financial institutions. We do not expect to face any difficulty in meeting our debt repayment obligations during the next 12 months. We do not anticipate any material impairment to our assets, inventories and receivables.

7.16.5 Impact on our supply chain

The main input materials for our manufacturing operations include PCB and semiconductor components, mechanical, electrical and related parts which are mainly imported. For the FYE 31 January 2021 and FPE 31 August 2021, we faced delays in obtaining certain input materials from our suppliers as there were disruptions in the global supply chain. Consequently, we had to delay the fulfilment of sales orders to our customers for the FYE 31 January 2021 and FPE 31 August 2021.

According to the IMR, during the second quarter of 2021, the global E&E sector continued to experience a shortage of semiconductors such as IC due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles. As at the LPD, our business operations were not materially impacted by the global shortage of the semiconductors given the following factors:

- Some of our major customers including Customer A, Customer B and Customer E commonly provide us with 52 weeks of rolling forecasts that are updated on weekly basis, and in fact since mid August 2021, these customers have provided us with extended rolling forecasts up to 104 weeks. In some situations, we also receive long term purchase orders where we will fulfil the orders up to 18 months. This will enable us to carry out production planning including procurement of input materials and allocation of facilities such as SMT lines for products to be manufactured;

7. BUSINESS OVERVIEW (Cont'd)

- Our ability to carry out EMS for a diverse product portfolio used across various applications enable us to optimise production planning to meet customers' delivery schedule; and
- Our long-standing business relationships with our major suppliers give us priority to procure input materials including PCB, IC and discrete components. In addition, we are able to secure some form of commitments from suppliers as we are mainly procuring input materials from our customers' approved list of suppliers.

Save as disclosed above, we did not encounter any material supply disruptions for outstanding orders of input materials pursuant to the FMCO that started on 1 June 2021 and up to the LPD.

7.16.6 Impact on our earnings prospects

Our business operations were affected by the COVID-19 pandemic which resulted in a temporary suspension of our business activities followed by subsequent partial operations during the MCO period in 2020 and FMCO period between June and July of 2021.

In 2020, Malaysia's economy and the manufacturing sector contracted by 5.6% and 2.6% respectively due to measures taken to contain the COVID-19 pandemic, while the E&E sector experienced a growth of 2.6%. According to the MOF, the E&E sector is expected to record growth as the COVID-19 pandemic accelerates the structural shifts towards digitalisation, spurring demand for telecommunication, cloud computing and medical devices and products.

The projected global growth of the semiconductor and electronics market in the near term will drive demand for electronics manufacturing that will provide market opportunities for operators including EMS providers in Malaysia. This is substantiated by Malaysia's E&E sector which continues to be the key contributor to export earnings accounting for RM386.1 billion or 39.4% of total exports for 2020. According to the MOF, Malaysia's export of E&E products is forecasted to increase by 12.8% in 2021 driven by higher demand for semiconductors, telecommunication equipment parts, as well as electronic machine apparatus in line with global trend for digitalisation and technology upcycle. The electronics manufacturing industry is dependent upon, among others, the recovery of Malaysia as well as the global economies from the ongoing COVID-19 pandemic, and other local and global factors. Considerations also include the increased pace of digital transformation globally predicated by export demand of E&E products, and performance of domestic manufacturing of the E&E product sector and socio-economic factors such as interest and unemployment rates, lending policies, business confidence and consumer sentiments.

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run. This view takes into consideration the gradual recovery of Malaysia's economy.

7. BUSINESS OVERVIEW (Cont'd)

A Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020 ("**COVID-19 Act**") was gazetted on 23 October 2020. This COVID-19 Act seeks to offer temporary relief to businesses and individuals who are unable to perform their contractual obligations due to COVID-19. Section 7 of the COVID-19 Act provides that the inability of any parties to perform any contractual obligations arising from the contracts specified in the schedule under the COVID-19 Act including, supply contract and/or sales order contract, shall not give rise to the other party or parties exercising his or their rights under the contract. Furthermore, the COVID-19 Act encourages parties to settle their disputes by way of mediation, in respect of any inability of any party or parties to perform any contractual obligations arising from any categories of contracts as specified in the COVID-19 Act.

In the event we encounter any such disputes, we will attempt and proceed to settle the dispute by way of mediation with the relevant parties for these types of contracts as specified in the COVID-19 Act.

7.16.7 Impact on our future plans and strategies

Part of our future plans including the expansion of production facilities planned to be implemented in the second half of 2021 are as follows:

- (i) Construction of a new manufacturing plant: As at the LPD, we have commenced the construction of a new manufacturing plant and is expected to be completed by end of 2021 with planned commencement of operation by first half of 2022. Pursuant to the Phase 1 of the NRP, the construction was temporarily suspended between 1 June 2021 until 11 August 2021 upon the receipt of approval from MITI to recommence the construction. Notwithstanding, the expected completion date remains by end December 2021. However, in the event of any re-imposition of the FMCO condition, this may have an impact on the timing to complete the construction of the new manufacturing plant.
- (ii) Purchase of new machinery and equipment: As part of our on-going expansion plans, we have placed orders for two (2) production lines comprising two (2) SMT lines and two (2) AGVs. The installation for the two (2) production lines were completed in August 2021 and October 2021 respectively. If there is any disruption due to the prolonged COVID-19 pandemic and/or restrictions resulting from the re-imposition of MCO measures, this may affect the timing for the installation of the productions lines and in turn, it may adversely affect our future growth and financial performance.

In the event of a prolonged COVID-19 pandemic and/or implementation of FMCO measures and/or increase in restrictions on MCO, this would adversely affect our ability to implementing our future plans and strategies based on the timeline set out in Section 7.4 of this Prospectus. Failure to implement our future plans and strategies in a timely manner may adversely affect our business, results of operations and prospects.

7. BUSINESS OVERVIEW (Cont'd)

7.17 KEY AWARDS, RECOGNITIONS AND CERTIFICATION

Year	Key award, recognition and certification
1994	<ul style="list-style-type: none"> • "Appreciation Award" in recognition of excellence in customer service, awarded by a subsidiary of Customer B in Penang.
1997	<ul style="list-style-type: none"> • "Industry Excellence Award 1997" in appreciation of excellence in quality management, awarded by the MITI.
1998/1999	<ul style="list-style-type: none"> • We obtained our ISO 9002 quality system certification from Sirim QAS Sdn Bhd. • "Quality Award" in recognition of excellence in continuing contribution to quality improvement, awarded by Sony Electronic (M) Sdn Bhd. • "Teaming for Excellence Award" under Penang Suppliers Teaming for Excellence Showcase, awarded by a subsidiary of Customer B in Penang.
2000	<ul style="list-style-type: none"> • "Industry Excellence Award 2000", awarded by the MITI. • "For the Good Work" for outstanding support in responding to immediate capacity needs, awarded by Smart Modular Technologies Sdn Bhd.
2001	<ul style="list-style-type: none"> • "Outstanding Supplier Award" in appreciation of outstanding performance and leadership during the New York City Crisis of September 2001, awarded by Customer B.
2002	<ul style="list-style-type: none"> • "Government Appreciation" in recognition of valuable contribution, awarded by the Chief Minister of Penang, Malaysia. • "Sincere Appreciation" in recognition of valuable contribution, awarded by RosettaNet Malaysia Berhad.
2004	<ul style="list-style-type: none"> • We obtained our ISO 9001 quality management system certification and ISO 14001 environmental management system certification from TUV Rheinland Cert GmbH.
2009	<ul style="list-style-type: none"> • We obtained ISO/TSATF 16949 certification (now replaced with IATF 16949) for quality management system for automotive products and services from TUV Rheinland Cert GmbH.
2010	<ul style="list-style-type: none"> • We obtained EN ISO13485 certification, a quality management system for medical devices and related services, from TUV Rheinland LGA Products GmbH.
2011	<ul style="list-style-type: none"> • We obtained our ISO 45001 certification an occupational health and safety management system, from TUV Rheinland Cert GmbH.
2012	<ul style="list-style-type: none"> • "Supplier Excellence Award" in recognition of outstanding supplier performance for commitment, flexibility, quality, service and support demonstrated with over two million units shipped, awarded by Xirgo Technologies. • "Outstanding Work" in support of the AT&T/Maersk RCD program by AT&T.
2014	<ul style="list-style-type: none"> • "Power One" in recognition of exceptional performance in manufacturing.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key award, recognition and certification
2015	<ul style="list-style-type: none"> • "Appreciation Award" in the application of the commendable performance on core min point and zero stock-out compliance, awarded by Customer B.
2016	<ul style="list-style-type: none"> • "Your Moments that Matter" in recognition of outstanding performance and commitment to Customer B and its customers, demonstrated flexibility and agility in the moments that matter, awarded by Customer B Supply Chain and Customer A Supply Chain. • "Supplier Excellence Award" in recognition of outstanding supplier performance for commitment, flexibility, quality, service and support demonstrated with over four million units shipped, awarded by Xirgo Technologies.
2017	<ul style="list-style-type: none"> • "Promise of Integrity Award" for being the founding suppliers in the supplier workgroup integrity, awarded by Promise of Integrity Alliance.
2018	<ul style="list-style-type: none"> • "Supplier Excellence Award" in recognition of outstanding supplier performance for commitment, flexibility, quality, service and support demonstrated with over six million units shipped, awarded by Xirgo Technologies.
2019	<ul style="list-style-type: none"> • "19 Years of Excellence Recognition", awarded by Bel Power Solutions & Protection. • We obtained our ANSI/ESD S20.20 certification, a facility control standard to protect electrical and electronic systems and components from electrostatic discharge from TUV Rheinland.

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(e) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.	Complied
						(f) State Director of Customs may at any time direct licensee to make any changes in the plan deem necessary.	Noted
						(g) The State Director of Customs may require BCM Electronics to install any lock, seal or other safety equipment deemed necessary to ensure against the list of revenue.	Noted
						(h) BCM Electronics shall submit to the Industry Branch Customs Office a Monthly Statement in Bahasa Malaysia by the 28 th day of the following month.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(i) BCM Electronics shall submit an Annual Statement containing details of raw material/components used, finished good produced, released and balance stock for the period 1 January to 31 December of each year using the format prescribed certified and signed by the accountant of BCM Electronics or other authorized officer by BCM Electronics to the control station before January 31 of the following year. The statement shall be accompanied by the Annual Financial Statement of BCM Electronics which has been audited by an independent auditor.	Complied
						(j) Goods stored in the LMW should be arranged and labelled in such to ensure security as directed and for Customs Inspection.	Complied
						(k) Finished goods manufactured in LMW are to be kept separate from raw materials / components or manufacturing waste.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(l) At least 60% finished product (by value) are to be exported, and not exceeding 40% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties / taxes at the time.	Complied
						(m) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs.	Complied
						(n) BCM Electronics is responsible for receiving, movement and storage of dutiable goods in a factory Licensed under Licensed Manufacturing Warehouse.	Complied
						(o) Bank Guarantee / General Bond amounting RM300,000.00 is required from BCM Electronics to ensure the safety of raw duties/taxes on raw materials/components, finished goods stored in the licensed manufacturing warehouses on the transfer of dutiable goods.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(p) BCM Electronics shall keep and maintain daily records of the quantity of raw materials / components in the store, the quantity used for manufacturing and the stock of finished goods produced.	Complied
						(q) BCM Electronics shall notify the proper officer of customs in writing within 14 days if: (i) There is a change in the Board of Director of BCM Electronics; (ii) BCM Electronics has been winded up (iii) An application for winding up BCM Electronics; (iv) Appointment of Receiver or liquidator has been made; and (v) BCM Electronics is subjected to civil claims, bankruptcy, closure and other similar matters.	Noted
						(r) BCM Electronics is required to report any case of fire, natural disaster, theft or loss of raw materials, finished goods ad machines. The report should contain quantity details and the duty / tax involved together with the investigation report from the Fire and Rescue Department and Police Department.	Noted

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(s) Application for renewal of a license shall be made in the format as in Appendix 'B' to the State Director of Customs at least one month before the expiry of the license.	Noted
						(t) The license can be revoked at any time in the event of breach of conditions, under the Customs Act 1967 or Regulations thereunder.	Noted
						(u) All duty/tax involved on the balance of raw materials, components and finished goods are payable (if any) before cancellation of license due to breach o conditions or company apply to cease operations.	Noted
						(v) The issue of a license shall not relieve the applicant or BCM Electronics from the obligation to comply with the requirements of any written law relating to other business.	Noted
						(w) Breach of any conditions of the licensing are an offense which should be compounded under the Customs Act 1967 and the Customs Regulations 1977.	Noted

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
						(x) BCM Electronics shall prepare and maintain proper records for a period of six (6) years on the details of raw materials / components / parts / finished goods, waste, etc. or as determined by the State Director of Customs.	Noted
						(y) The license is required to keep and maintain record on exempted machines and tools for a period at least ten (10) years. These records shall be made available for inspection by Customs when required and during disposal.	Complied
						(z) Only one entity is allowed to operate within the premises of LMW. Any partnership with another entity within the same area is not allowed.	Complied
2.	BCM Electronics	Pihak Berkuasa Tempatan Taman Perindustrian Hi-Tech Kulim ("PBT TPHTK")	Composite License (i) Industry license (ii) Non-lighting signboard license (iii) Canteen license	License No.: LK-09/14	Issuance date: - Commencement date: - Expiry date: 31 December 2021		-

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
4.	BCM Electronics	MITI	Manufacturing License Communication transmitter/receiver equipment Place of business: Lot 21, A 025634 Jalan Hi-Tech 4, Kulim Hi- Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: A 025634	Issuance date: 2 April 2008 Commencement date: 3 March 2006 Expiry date: N/A ⁽¹⁾	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI. (b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce. (c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied
5.	BCM Electronics	MITI	Manufacturing License Remanufacturing-Receiver (GPS) Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi- Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.	License No.: A012516 Serial No.: B0445	Issuance date: 5 September 2014 Commencement date: 29 January 2014 Expiry date: N/A ⁽¹⁾	(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI and MIDA. (b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce. (c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
8.	BCM Electronics	MITI	<p>Manufacturing License</p> <p>(i) PCB Assembly for Power Monitor, Power Monitor Extension, Phase Power Monitor</p> <p>(ii) Box Build Assembly for Power Monitor, Power Monitor Extension, Phase Power Monitor and Weather Instrument Devices</p> <p>Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.</p>	<p>License No.: A012516</p> <p>Serial No.: A030635</p>	<p>Issuance date: 25 February 2011</p> <p>Commencement date: 22 February 2011</p> <p>Expiry date: N/A⁽¹⁾</p>	<p>(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.</p> <p>(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.</p> <p>(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>
9.	BCM Electronics	MITI	<p>Manufacturing License</p> <p>Mobiles Radios, Accessories, Components & Parts thereof</p> <p>Place of business: Lot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Industrial Park, Phase 1, 09090 Kulim, Kedah.</p>	<p>License No.: A012516</p> <p>Serial No.: A023895</p>	<p>Issuance date: 31 March 2006</p> <p>Commencement date: 31 October 2005</p> <p>Expiry date: N/A⁽¹⁾</p>	<p>(a) Any sales or disposal of shares of BCM Electronics must be notified to the MITI.</p> <p>(b) BCM Electronics shall train Malaysians to ensure transfer of skills and technology throughout every level of the workforce.</p> <p>(c) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>

7. BUSINESS OVERVIEW (Cont'd)

No.	Company/ individual	Approving authority/ Issuer	Type of license	License Reference no.	Validity	Equity and/or conditions imposed	Status of compliance
15.	Valli Kumaran A/L Ramachandran ⁽²⁾ With the business address of BCM Electronics	MOH	Wholesaler's License (Type B License) License to import, store and sell by wholesale such poisons specified as follows: (i) Antimony, its chlorides, oxides, sulphides, antimonates, antimonites, organic compounds of antimony; and (ii) Bismuth and its salts	License 008123 Registration No.: KB0064/2021	No.: Issuance date: 5 July 2021 Commencement date: 5 July 2021 Expiry date: 31 December 2021	(e) BCM Electronics is required to disclose information relating to the status of investment and projects under the Industrial Co- ordination Act, 1975 and the Malaysian Investment Development Authority (Incorporation) Act, 1965 when required by MIDA. (f) BCM Electronics shall carry out its projects as approved and in accordance with the prevailing laws and regulations of Malaysia.	Complied

Notes:

- (1) License does not require renewal unless revoked in accordance with the Industrial Co-ordination Act 1975.
- (2) He is our employee who is responsible for importing, storing and sale of poisons by wholesale.





7. BUSINESS OVERVIEW (Cont'd)

The applications for the renewal of the LMW and Wholesaler's Poisons License (Type B License) are submitted to the relevant authority or issuer of the said licenses prior to the expiry date and the renewal are typically obtained prior to the expiry date. We intend to submit the applications for renewal 1 month prior to the expiry of the respective license. Our Group has not encountered any difficulty in maintaining and renewing these licenses annually during the FYE Under Review and FPE 31 August 2021 nor was there any revocation of approval during the FYE Under Review and FPE 31 August 2021. Our Group is also in compliance with all the relevant terms and conditions of all licenses.

7.19 TRADEMARKS



Save as disclosed below, we do not have any other trademarks for our business operations as at the LPD:

- (a) As at the LPD, we have registered the following trademarks which we used for the operation of our business:

Trademark	Issuing authority	Registered owner	Date of registration/ application/ Date of expiry	Date of the Registration no.	Class	Status
 	Intellectual Property Corporation of Malaysia ("MyIPO")	BCM Electronics	Date of registration: 5 September 2017	2016069492	40 ⁽¹⁾	Registered
			Date of the application: 20 October 2016			
			Expiry date: 20 October 2026			
 	MyIPO	BCM Electronics	Date of registration: 19 September 2017	2016069494	42 ⁽²⁾	Registered
			Date of the application: 20 October 2016			
			Expiry date: 20 October 2026			

7. BUSINESS OVERVIEW (Cont'd)

(b) As at the LPD, we have submitted the following trademarks to MyIPO for registration but these trademarks have yet to be registered:

Trademark	Issuing authority	Registered owner	Date of filing	Filing no.	Class	Status
	MyIPO	ATech	15 March 2021	TM2021007367	40 ⁽³⁾	Pending
	MyIPO	ATech	15 March 2021	TM2021007371	42 ⁽⁴⁾	Pending

Notes:

- (1) Custom manufacture of electronic products; manufacture of electronic and electro-mechanical products for use in the aerospace, automotive, aviation, computer, medical, electronic data storage, communications, telecommunications, clean technology and renewable energy, oil and gas, industrial OEM and multimedia equipment OEM industries, to the order and/or specification of others; providing technical consultation in the field of manufacturing electronic products; custom assembling of materials (for others); treatment of materials; all included in Class 40.
- (2) Design and testing of electronic products for use in the computer, medical, industrial, telecommunications and automotive industries, to the order and/or specification of others; design and development of manufacturing methods in the field of electronic circuit boards and systems for communications, personal computers, computer peripheral, automotive and consumer products market; product research and development, design, improvement and testing of new products for others; engineering, design, research and development of new products for others; engineering services; technical support services, namely troubleshooting of computer hardware, software and electronics problems; material testing; quality control; all included in Class 42.
- (3) Manufacturing and assembly services; manufacturing and assembly of electronic and mechanical components for use in telecommunications, IoT, telematics, power and energy management and control products, LED lighting, battery packs, multi-component integrated circuits; manufacturing including printed circuit board assembly, sub-assembly, and box build; providing technical consultation services in relation to the aforesaid; all included in Class 40.
- (4) Engineering services; technical support services in relation to electronic and mechanical components for use in telecommunications, IoT, telematics, power and energy management and control products; all included in Class 42.

7. BUSINESS OVERVIEW (Cont'd)

7.20 PROPERTIES OF OUR GROUP

7.20.1 Material properties owned by our Group

As at the LPD, we do not own any properties.

7.20.2 Material property tenanted or leased by our Group

Details of the material property tenanted or leased by our Group as at the LPD is as follows:

Tenant	: BCM Electronics
Landlord	: Kulim Technology Park Corporation Sdn Bhd
Property	: An industrial complex in Industrial Zone Phase 1, Kulim Hi-Tech Park
Address	: Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman
Category of land use	: Industrial
Description / existing use	: 2 phases of factory / office identified as Phase 1 and 2, car parking bays and motorcycle parking area / manufacturing
Date of issuance of CCC	: (a) 3 October 1999 ⁽¹⁾ (b) 30 September 2001 ⁽²⁾
Land area / built up area (sq. m.)	: 40,627 / 18,189.81
Period of lease	: 60 years from 29 October 1996 to 28 October 2056
Encumbrances	: (a) Charged to Maybank; and (b) Charged to Maybank Islamic
Age of buildings and structures	: 21 years for Phase 1, 19 years for Phase 2

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) The CCC was issued for Phase 1 building comprising double-storey office building, single-storey production area, one and half storey facility section and guard house.
- (2) The CCC was issued for Phase 2 building comprising double-storey office building, single-storey production area, one and half storey warehouse or utility section, covered passageway and motorcycle shed.

The above property was revalued on 31 January 2021 and forms part of the NA of BCM Electronics as at 31 January 2021 which was, in turn, the basis in arriving at the purchase consideration for the acquisition of the entire equity interest of BCM Electronics by our Company pursuant to the Pre-IPO Restructuring. The market value of the said property as at 31 March 2021 assessed based on the cost approach as the primary approach and the income approach (investment method) as a cross check was RM28,000,000. The certificate of valuation for the said property is set out in Annexure B of this Prospectus. Our Group is in compliance with all the relevant laws, regulations, rules or requirements governing our tenanted property.

We are also in the midst of expanding our production facilities to meet future growth and demand. The expansion of our production facilities involves the construction of a new manufacturing plant consisting of a single-storey building with a proposed built-up area of 61,909 sq. ft. which will increase our manufacturing floor space for EMS operation by approximately 69% to 132,821 sq. ft. in total. As at the LPD, the physical building construction of our new manufacturing plant is approximately 38% complete and is expected to be fully completed by end 2021.

7.21 EMPLOYEES

The following table sets out the employees in our Group as at 31 January 2021 and as at the LPD by their functional areas:

	As at 31 January 2021			As at the LPD		
	Local	Foreign	Total	Local	Foreign	Total
Management & Professionals	40	-	40	38	-	38
Technical professionals (if any)	121	-	121	122	-	122
Sales and marketing	15	-	15	15	-	15
Clerical and administrative	106	-	106	105	-	105
Factory floor workers	771	31	802	749	-	749
Total	1,053	31	1,084	1,029	-	1,029

Our Group's entire workforce is based in Kulim, Kedah. As at the LPD, we have 57 contract workers for our factory floor who are not our employees but supplied by third parties. None of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes.

7. BUSINESS OVERVIEW (Cont'd)

7.22 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

As at the LPD, our Group is not dependent on any contracts or agreements including commercial and financial contracts which are material to our business or profitability save as disclosed below:

(i) Customer A Supplier Managed Inventory Agreement

Contracting parties	BCM Electronics and Customer A's holding company, on behalf of itself and its subsidiaries and affiliates including Customer A (collectively referred to as " Customer A HoldCo ").
Description	The Customer A Supplier Managed Inventory Agreement sets out the general terms and conditions for BCM Electronics to supply products to support Customer A HoldCo's inventory levels at a hub located in Penang where the actual purchase of products by Customer A HoldCo and supply of products required to maintain Customer A HoldCo's inventory level for immediately available products are governed by separate purchase orders.
Term/duration	After the initial term of the Customer A Supplier Managed Inventory Agreement had expired on 1 February 2017, the Customer A Supplier Managed Inventory Agreement is automatically renewed for successive one (1) year periods.
Governing law	The law of the State of California, USA.
Termination/ events of default	Either party may terminate the Customer A Supplier Managed Inventory Agreement for its convenience with at least sixty (60) days written notice to either party prior to the anniversary date of the Customer A Supplier Managed Inventory Agreement.

Sales to Customer A is also governed by additional terms set out in purchase orders issued by Customer A. The salient terms of the latest purchase order issued by Customer A as at the LPD are as follows:

Payment terms	Payment terms for any valid and non-disputed invoice are net seventy five (75) days from the date of receipt of product.
Late delivery	If delivery of the products is not timely completed, Customer A reserves the right, without liability and in addition to all its other rights and remedies: (i) to terminate the order by notice effective when received by Customer A as to products not yet shipped, and to purchase substitute products elsewhere and at Customer A's option charge BCM Electronics with any loss incurred; (ii) to request that BCM Electronics, at its expense, ship products by expedited means and (iii) to recover from BCM Electronics any damages it incurs, including but not limited to any damages it is required to pay to any third parties.
Product liability	BCM Electronics shall indemnify, defend and hold Customer A, its officers, directors, employees, agents, customers, and affiliates (" Customer A Indemnified Parties ") harmless from and against any and all demands, claims, actions, causes of action, proceedings, suits, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses of every kind of claim (i) which claim alleges that the product, the use or sale of the product, or the equipment or processes used to manufacture and/or assemble the product infringe the patent, copyright, trademark, trade secret or other form of intellectual property right belonging to a third party or BCM Electronics has engaged in unfair competition as a result of similarity in design, trademark or appearance of the product; (ii) based upon personal injury or death or injury to property to the extent any of the

7. **BUSINESS OVERVIEW** (Cont'd)

Product liability (cont'd) foregoing is proximately caused either by a defective product, or by the negligent or willful acts or omissions of BCM Electronics or its officers, employees, subcontractors or agents; and (iii) based on BCM Electronics' breach of the terms of the purchase order.

(ii) **Customer B Manufacturing Services Agreement**

Contracting parties BCM Electronics and Customer B

Description The Customer B Manufacturing Services Agreement establish the terms and conditions that will apply each time Customer B engages BCM Electronics to render manufacturing services. The Customer B Manufacturing Services Agreement do not obligate Customer B to any minimum or exclusive purchase requirement.

Term/duration After the initial term and the renewal term of Customer B Manufacturing Services Agreement had expired on 1 October 2014 and 1 October 2016 respectively, the Customer B Manufacturing Services Agreement will automatically renew for additional successive one (1) year periods unless within six (6) months prior to the end of any additional one (1) year period, one party notifies the other in writing that it will not renew the Customer B Manufacturing Services Agreement.

Payment terms Payment terms for all invoices will be eighty (80) days from receipt of the products and a correct corresponding invoice.

Main products Communication devices and accessories

Late delivery If BCM Electronics fails to deliver according to the requirements of any forecast, order, or delivery commitments under the schedule sharing program, provided and to the extent such failure is not caused by Customer B or is caused by an act or omission of a supplier to BCM Electronics and Customer B agrees that the act or omission was outside BCM Electronics' control, then at Customer B's option and in its sole discretion, BCM Electronics shall either (i) reimburse Customer B for all customer charges and penalties Customer B incurs or (ii) pay Customer B liquidated damages in the amount of 1% of the price of the delayed delivery or performance for each calendar day of delay, computed from the due date up to an aggregated payment per individual order of 20% of the price of the delayed delivery or performance.

After 20 days of delay, Customer B may (i) immediately terminate any order or forecast, in whole or in part, without liability to BCM Electronics of any kind, including but not limited to, liability for materials, material claims, work-in-progress, or finished goods relating to the terminated order or forecast, and (ii) exercise any other contractual, legal and equitable remedies to which Customer B is entitled under the Customer B Manufacturing Services Agreement or any applicable law.

Product liability BCM Electronics shall fully defend, indemnify and hold harmless Customer B, and all of its past, present and future affiliates, customers, distributors, officers, directors, employees, contractors, successors, assigns, agents, attorneys and insurers ("**Customer B Indemnitees**") against any and all claims for any death, injury or property damage caused by or arising from the acts or omissions of BCM Electronics, its past, present or future officers, directors, employees, contractors, subcontractors, representatives or agents arising from or connected with the performance of the Customer B Manufacturing Services Agreement with respect to a product. BCM Electronics shall reimburse Customer B Indemnitees for all losses, costs and expenses the Customer B Indemnitees incur as a result of such claims, including courts costs and attorneys' fees.

7. BUSINESS OVERVIEW (Cont'd)

Customer B's liability for product cancellation	<p>Customer B is entitled to cancel any or all of its forecasts or orders for any product and such cancellation is effective immediately upon receipt of notice by BCM Electronics. Should Customer B cancel fewer than all of its forecasts or orders for a product, the cancellation will be treated as a reduction in Customer B's requirements, and BCM Electronics exclusive remedy is for Customer B, subject to certain conditions, to either pay BCM Electronics a carrying charge on materials or buy materials from BCM Electronics. Should Customer B cancel all forecasts and orders for a product, subject to certain conditions, Customer B will pay BCM Electronics the following amounts:</p> <ul style="list-style-type: none"> (i) the contract price for all units of the products that are finished goods at the time of cancellation, and a prorated price (to be negotiated at the time of termination) for all units of the product in a work-in-process state; (ii) the contract price for all units of the product in analysis and/or work-in-process for the repair of workmanship-related defects or for defects related to materials; and (iii) the price BCM Electronics paid for all required materials.
Governing law	The laws of the State of Illinois, USA.
Jurisdiction	The state or federal courts within the geographic bounds of the United States District Court for the Northern District of Illinois, USA.
Termination/ events of default	<p>The Customer B Manufacturing Services Agreement may be terminated for cause by either party for failure by the other party to cure a breach of any material term or condition of the Customer B Manufacturing Services Agreement. Such termination will be effective 30 days following written notice of the breach, unless the breach is cured within such notice period or such other notice period as may be agreed to by the parties. If Customer B terminates the Customer B Manufacturing Services Agreement for cause under any provisions of the Customer B Manufacturing Services Agreement, Customer B will have the right to cancel without liability to any open purchase orders for products not yet shipped and will have no liability under any forecasts it may have issued for any product. In addition, BCM Electronics will pay all of Customer B's reasonable and actual costs to transfer the products to another supplier of manufacturing services.</p> <p>Either party may immediately terminate the Customer B Manufacturing Services Agreement upon written notice in the event the other party files a bankruptcy petition of any type or has a bankruptcy petition of any type filed against it, ceases to conduct business in the normal course, becomes insolvent, enters into suspension of payments, moratorium, reorganization, makes a general assignment for the benefit of creditors, admits in writing its inability to pay debts as they mature, goes into receivership, or avails itself of or becomes subject to any other judicial or administrative proceeding that relates to insolvency or protection of creditors' rights. If Customer B provides notice of termination of the Customer B Manufacturing Services Agreement because of BCM Electronics' insolvency or substantial change in ownership, then Customer B will have the right to cancel without liability any open purchase orders, and will have no liability under any forecasts it may have issued for any product. If BCM Electronics terminates under this provision, Customer B's liability for product cancellation remains.</p>

7. BUSINESS OVERVIEW *(Cont'd)*

Termination/ events of default *(cont'd)* Customer B may terminate the Customer B Manufacturing Services Agreement for convenience at any time, with two hundred and seventy (270) days advance written notice. BCM Electronics may terminate the Customer B Manufacturing Services Agreement for convenience with three hundred and sixty (360) days advance written notice. If Customer B terminates the Customer B Manufacturing Services Agreement for convenience, BCM Electronics' sole and exclusive remedy is to be reimbursed by Customer B as set forth in the term in relation to Customer B's liability for product cancellation remains. Immediately following the receipt of such notice, BCM Electronics will only manufactures products as thereafter agreed by the parties in writing.

(iii) Customer C Manufacturing And Supply Agreement

Contracting parties BCM Electronics and Customer C

Description The Customer C Manufacturing And Supply Agreement sets out the general terms and conditions governing the purchases of goods and services. The Customer C Manufacturing And Supply Agreement is not exclusive and specifically does not limit in any way Customer C's right to have third parties to provide the manufacturing services.

Term/duration 1 August 2018 to 1 August 2021. The Customer C Manufacturing And Supply Agreement will automatically renew for an additional one (1) year term, unless terminated in writing by either party two (2) months prior to expiration of the initial term.

Payment terms Invoices shall be paid seventy-five (75) days after the date of the invoice.

Main products The products include, without limitation, IoT wireless asset tracking devices and may be updated to include other products from time to time upon the mutual written consent of the parties.

Governing law The laws of the United Kingdom.

Arbitration Any dispute, controversy or claim arising out of or in relation to the Customer C Manufacturing And Supply Agreement, or the breach termination or invalidity thereof shall be settled, in so far as it is possible, by mutual consultation and consent.

If any of the parties is unable to reach mutual consent within thirty (30) days after the notice by any party to the other to the dispute, difference, controversy or claim, the question shall be finally settled by arbitration in United Kingdom. The tribunal shall consist of one arbitrator to be appointed by the arbitration in United Kingdom.

Termination/ events of default Either party may terminate the Customer C Manufacturing And Supply Agreement based on the material breach of the other party, provided that the party alleged to be in material breach fails to cure such breach or default within thirty (30) days after receipt of a written notice of default from the other party.

Either party may terminate the Customer C Manufacturing And Supply Agreement immediately if the other party becomes insolvent or has a receiver, administrative receiver or administrator appointed or passes a resolution or has a petition presented for its winding-up (other than for the purpose of amalgamation or reconstruction) or any equivalent event occurs under any relevant jurisdiction.

7. BUSINESS OVERVIEW (Cont'd)

Termination/ events of default (cont'd) Termination of the Customer C Manufacturing And Supply Agreement will not prejudice accrued rights and liabilities (including payment for products shipped and costs incurred in fulfillment of demand forecasts) of either party. BCM Electronics will be entitled to perform against all accepted orders placed prior to the termination of the Customer C Manufacturing And Supply Agreement and the terms of the Customer C Manufacturing And Supply Agreement will continue to apply to such orders and their fulfillment.

Neither the Customer C Manufacturing And Supply Agreement nor the latest purchase order issued by Customer C as at the LPD contains provisions relating to penalties for late delivery or product liability.

(iv) Customer D Related Co Master Purchase Agreements

Contracting parties BCM Electronics and Customer D as well as its related corporation ("**Customer D Related Co**")

Description The Customer D Related Co Master Purchase Agreements are intended to be the master agreements between the parties that set out the general terms and conditions governing the purchases of goods and services. The Customer D Related Co Master Purchase Agreements do not obligate Customer D Related Co to any minimum or exclusive purchase requirement.

Term/duration 1 March 2016 to 1 March 2024, unless terminated pursuant to the terms of the Customer D Related Co Master Purchase Agreements.

Payment terms Customer D Related Co shall pay to BCM Electronics all undisputed amounts due on invoices pursuant to payment terms set forth in the Customer D Related Co Master Purchase Agreements or any purchase order issued thereunder. In the event that any services and products pricing exhibit, purchase order or affiliate addendum does not specify payment terms, all payments will be made within a period of more than sixty (60) days but less than eighty (80) days from receipt of invoice.

Main products Telematic instrumentation devices.

Late delivery BCM Electronics' failure to meet any delivery date or delivery schedule for any reason other than force majeure or Customer D Related Co delay without Customer D Related Co's prior written consent may constitute a material breach of agreement or default thereunder. Customer D Related Co shall have the right at any time, upon reasonable prior notice to access BCM Electronics' facilities to inspect any work in progress in order to verify timeliness of performance and quality control. In the event that Customer D Related Co reasonably determines that BCM Electronics will be unable to meet any delivery date(s), Customer D Related Co shall have the right to either: (i) acquire the work from a third-party source and charge BCM Electronics for any costs in excess of the purchase order price for such work; or (ii) pursue the remedies set forth in provisions concerning default and termination for cause.

Customer D Related Co's damages for inability to meet its obligations to its own customers will be difficult if not impossible, to determine and therefore both parties agree that Customer D Related Co may, at its sole and absolute discretion, charge BCM Electronics liquidated damages in the amount of three percent (3%) per week of delay, not as a penalty, but as a reasonable estimate of Customer D Related Co's actual damages resulting from BCM Electronics' delay.

7. BUSINESS OVERVIEW (Cont'd)

Product liability	BCM Electronics agrees to release, indemnify, defend and hold Customer D Related Co, its officers, agents, and employees harmless from any loss, cost, damage, penalty, fine or bodily injury (including death) of whatsoever kind or nature arising out of or incidental to Customer D Related Co's performance under the Customer D Related Co Master Purchase Agreements except to the extent caused by Customer D Related Co's negligence or willful misconduct.
Governing law	The laws of the USA and the States of Texas.
Jurisdiction	The federal and state courts located in Harris County, State of Texas, USA.
Termination/ events of default	Customer D Related Co has the right to cancel or terminate the Customer D Related Co Master Purchase Agreements or any purchase order, or any part thereof for convenience, without cause or for any reason whatsoever. In the event of such cancellation or termination for convenience, BCM Electronics will be entitled to payment in full for all work satisfactorily provided prior to the date of the cancellation, plus any reasonable expenses incurred by BCM Electronics in terminating orders and work in progress, less any money previously paid to BCM Electronics. Customer D Related Co shall provide 60 days written notice of such cancellation or termination to BCM.

In the event of BCM Electronics': (a) breach of the Customer D Related Co Master Purchase Agreements or default under any provision of the Customer D Related Co Master Purchase Agreements and failure to cure such breach or default within 10 days after notice from Customer D Related Co; (b) bankruptcy, reorganization, receivership, insolvency, or making an assignment for the benefit of creditors; or (c) evidence of financial or organizational instability, Customer D Related Co has the right, in addition to any rights or remedies it may have in law, in equity, or under the Customer D Related Co Master Purchase Agreements, to immediately cancel the Customer D Related Co Master Purchase Agreements for cause by written notice to BCM Electronics. Upon termination by Customer D Related Co as a result of BCM Electronics' default, BCM Electronics will be liable to and will immediately reimburse Customer D Related Co for all costs of any nature in excess of the applicable price under the Customer D Related Co Master Purchase Agreements which may incurred by Customer D Related Co to effect completion of performance pursuant to the Customer D Related Co Master Purchase Agreements or any issued purchase orders thereunder.

Customer D Affiliate Addendum Agreement adopts and incorporates by reference all of the terms and conditions of the Customer D Related Co Master Purchase Agreements.

(v) **Electronic Manufacturing Services Agreement dated 1 August 2019 ("Customer F Electronics Manufacturing Services Agreement")**

Contracting parties	BCM Electronics and Customer F
Description	The Customer F Electronics Manufacturing Services Agreement sets out the general terms and conditions governing the purchases of goods and services.
Term/duration	1 August 2019 to 1 August 2024, unless terminated pursuant to the express terms of the Customer F Electronics Manufacturing Services Agreement or by express written agreement of the parties.

7. BUSINESS OVERVIEW (Cont'd)

Payment terms	Net sixty (60) days on cash basis from the date of invoice sent by BCM Electronics to Customer F.
Main products	The products include but not limited to 2G, 3G, 4G, NB-IoT/eMTC and GNSS modules, MiniPCle modules, EVB kits, TE-A/TE-B boards, etc.
Late Delivery	<p>Unless otherwise agreed by parties, if BCM Electronics is unable to or fails to deliver the products on schedule, BCM Electronics shall notify Customer F within one (1) business day with valid reasons and to provide the new delivery date as well as the product quantity for the shipment.</p> <p>Unless otherwise agreed by the parties, BCM Electronics shall prepare all necessary resources to meet the manufacture order and delivery order provided by Customer F, and inform Customer F via a written commitment letter to notify the manufacturing capacity within two (2) business days after the receipt of such manufacture order. BCM Electronics shall fulfill the commitment to Customer F after signing such commitment letter. In case of any breach of such commitment which is within the control of BCM Electronics, BCM Electronics shall pay Customer F an amount equal to one-half percent (0.5%) of the product value of the delayed products for each day of delay in delivery for up to maximum ten percent (10%) of the product value of the delayed products, equivalent to twenty (20) business days delays. Customer F reserves the rights to terminate the Customer F Electronics Manufacturing Services Agreement or cancel the current orders if the delay exceeded twenty (20) business day. If the delay is caused by Customer F, BCM Electronics shall bear no responsibility and liability. Customer F shall be liable to pay BCM Electronics for the works done for such products.</p>
Product liability	<p>Either party shall indemnify, defend and hold the other party harmless from any and all troubles and legal liabilities arising from the use of such party's services which cause infringements of any third party's right or interests. If either party causes personal injury or property damage to any third party due to negligence or omission, it shall notify the other party immediately after receiving the notice from such third party, the other party shall use reasonable efforts to provide assistance to such party involved.</p> <p>Notwithstanding anything to the contrary in this agreement, BCM Electronics shall not be responsible for product defects, guarantee liabilities and related contractual or legal liabilities arising from any cause not attributable to BCM Electronics.</p>
Material and equipment management	If the Customer F Electronics Manufacturing Services Agreement is terminated, Customer F shall have the right to take away the equipment or materials invested by Customer F at the end of the termination and BCM Electronics shall not prevent Customer F from taking away the equipment and materials belonging to Customer F if there is no outstanding money owing by Customer F to BCM Electronics.
Governing law	The law of China.
Dispute Settlement	<p>Both parties agree to settle the dispute by way of friendly consultation when the dispute arose. In the event that friendly consultation does not work, both parties shall endeavor to seek an intermediary mediator.</p> <p>In the event that none of the above methods work, the parties shall submit the dispute to Hong Kong International Arbitration Centre for arbitration in Hong Kong ("HKIAC"), China in accordance with the valid arbitration rules of HKIAC.</p>

7. BUSINESS OVERVIEW (Cont'd)

Dispute Settlement
(cont'd)

The arbitration award is final and binding on both parties. The arbitration cost shall be borne by the losing party. In addition to the dispute submitted for arbitration, both parties shall continue to fulfil their respective obligations under the other provisions of the Customer F Electronics Manufacturing Services Agreement.

Termination/ events of default

If either party fails to fulfill its obligations under the Customer F Electronics Manufacturing Services Agreement, both parties may negotiate in a friendly manner. If either party fails to make corresponding corrective actions or fails to submit a written corrective action plan within sixty (60) days after receiving notification from the other party, the party giving the notification is entitled to terminate the Customer F Electronics Manufacturing Services Agreement eighteen (18) months after giving written notice of termination of the Customer F Electronics Manufacturing Services Agreement.

The Customer F Electronics Manufacturing Services Agreement shall be terminated immediately if either of the parties is (a) bankrupt; (b) in the bankruptcy liquidation stage of the assets; or (c) in the liquidation stage of the assets or is summoned for furthering interests by its creditors.

Either party may give eighteen (18) months advance written notice for terminating the Customer F Electronics Manufacturing Services Agreement to the other party without cause of termination provided the receiving party agreed to such termination. In this instance, BCM Electronics must complete all manufacture orders and delivery orders placed by Customer F prior to the termination of the Customer F Electronics Manufacturing Services Agreement, and Customer F must settle all the processing fee due to BCM Electronics the time stipulated in the Customer F Electronics Manufacturing Services Agreement.

If the Customer F Electronics Manufacturing Services Agreement is terminated, Customer F is obliged to buy back the unique equipment invested by BCM Electronics and pay BCM Electronics within 30 days of such buy back⁽¹⁾.

Note:

(1) *As at the LPD, there is no unique equipment (i.e. equipment that are designed or can be used only for the production of Customer F products) invested by BCM Electronics.*

For information purposes, Customer F operates in wireless communications industry and is principally involved in design, production, R&D and sales services of wireless communication modules and solutions in the IoT field, and the company is incorporated in China. Customer F is a public listed company which is listed on the Shanghai Stock Exchange with its headquarters in China. Customer F's name has not been disclosed to safeguard the competitive position of our Group and Customer F in the market in which we and/or Customer F operate.

See the notes in Section 5.1.1 of this Prospectus for further details of Customer A, Customer B, Customer C, Customer D and Customer E. See Section 7.18 of this Prospectus for further details of the material licenses and approvals which our Group is dependent on.

7. BUSINESS OVERVIEW (Cont'd)

7.23 GOVERNING LAWS AND REGULATIONS

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group which do not purport to be an exhaustive description of all laws and regulations of which our business is subject to are summarised below. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

(i) The Industrial Coordination Act 1975 (“ICA”)

The ICA requires a person engaging in any manufacturing activity with the shareholders' funds of RM2.50 million and above or employing 75 or more full-time paid employees to obtain a manufacturing license.

Pursuant to Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless he is issued a license in respect of such manufacturing activity. The ICA defines “manufacturing activity” as the “making, altering blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”.

Any person who fails to comply with the requirements of Section 3(1) of the ICA is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding six months and to a further fine not exceeding RM1,000.00 for every day during which such default continues.

As at 3 November 2021, our subsidiary, BCM Electronics, which manufactures a variety of electronics products, holds and maintains a valid manufacturing license.

(ii) Customs Act 1967 (“CA”)

The CA governs, among others, the levying of custom duties, port clearances, warehousing and other custom-related matters.

Pursuant to Sections 65 and 65A of the CA, the Director General of Customs may on payment of such fees as may be fixed by him in each case, grant a license to any person for warehousing and manufacturing goods liable to custom duties and any other goods in a place or places specified in the license.

Our subsidiary, BCM Electronics is a LMW company whose license was granted by the Director General of Customs for the warehousing and manufacturing of approved products on our premise located at Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park, Phase 1, 09090 Kulim, Kedah. With the issuance of the manufacturing warehouse license, our raw materials and components used directly in the manufacturing process are exempted from custom duties.

As at 3 November 2021, our subsidiary, BCM Electronics holds and maintains valid manufacturing warehouse license issued by the RMC.

7. BUSINESS OVERVIEW (Cont'd)

(iii) Poisons Act 1952 ("PA")

The PA provides regulations for importation, possession, manufacture, compounding, storage, transport, sale and use of poisons. Section 15 of the PA provides that no poison shall be sold by wholesale except by a licensed wholesaler in accordance with the terms and conditions of the license.

Any person who sells or delivers any poison by wholesale in contravention of this section shall be guilty of an offence against the PA. The Director General of Health or the Director of Pharmaceutical Services or the Director of Medical and Health Services of any State duly appointed in writing by the Director General of Health to be a Licensing Officer of any State or the Federal Territory may under Section 26 of the PA, issue to any person whom the Licensing Officer may consider to be a fit and proper person to hold a Type B License, or issue to a responsible officer of a company incorporated under the Act to import, store and sell by wholesale such poisons as may be specified in such license.

Any person guilty of an offence against the PA, for which no other penalty is specifically provided by the PA, shall be punishable by a fine not exceeding RM3,000.00 or by imprisonment for a term not exceeding one year or both. Where a person charged with an offence against the PA is a body corporate every person who, at the time of the commission of such offence, is a director or officer of such body corporate may be charged jointly in the same proceedings with such body corporate and where the body corporate is convicted of the offence charged, every such director or officer shall be deemed to be guilty of such offence unless he proves that the offence was committed without his knowledge or that he took reasonable precautions to prevent its commission.

As at the LPD, our Director of Finance, Valli Kumaran A/L Ramachandran holds and maintains the Wholesaler's Poisons License (Type B License) to import, store and sell by wholesale the antimonites, organic compounds of antimony and its salts on behalf of our subsidiary, BCM Electronics.

(iv) Local Government Act 1976

Pursuant to Section 102 of the Local Government Act 1976, local authorities are empowered to make, amend and revoke by-laws. As our business is carried out in Kulim Hi-Tech Industrial Park, we come under the jurisdictions of the Kulim Hi-Tech Industrial Park Local Authority ("**Local Authority**") and the relevant by-laws governing the conduct of our business would be the Licensing of Premises for Trades, Business and Industries (Kulim Municipal Council) By-Laws 2010 ("**By-Laws 2010**").

The By-Laws 2010 provides that no person shall use any place or premises within the area of the Local Authority for any trade, business or industry without a license issued by the Local Authority. A contravention of By-Laws 2010 would result in an offence, which upon conviction, be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding one year or to both and in the case of a continuing offence be liable to a fine not exceeding RM200.00 for every day during which the offence is continued after conviction. As at 3 November 2021, our subsidiary, BCM Electronics holds and maintains a valid composite license issued by the Local Authority.

7. BUSINESS OVERVIEW (Cont'd)

(v) Environmental Quality Act 1974 ("EQA")

The EQA sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. It is an offence under the EQA for any person, unless licensed to do so, to amongst others:

- (a) emit or discharge wastes into the atmosphere;
- (b) emit or cause or permit to be emitted any noise greater in volume, intensity or quality;
- (c) pollute or cause or permit to be polluted any soil or surface of any land; or
- (d) emit, discharge or deposit any wastes into any inland waters,

in contravention of the acceptable conditions specified in the EQA.

The EQA also empowers the Minister charged with the responsibility for environment protection to make regulations specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into the environment. Among the regulations which have been issued includes the Environmental Quality (Scheduled Wastes) Regulations 2005 ("**Regulations 2005**") and Environmental Quality (Clean Air) Regulations 2014 ("**Regulations 2014**"). The Regulations 2005 has specified, among others, the following requirements:

- (a) Any person who generates scheduled wastes ("**Waste Generators**") shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality ("**DGEQ**") of the new categories and quantities of scheduled wastes which are generated.
- (b) Scheduled wastes shall be disposed of at prescribed premises only and shall, as far as practicable, before disposal, be rendered innocuous.
- (c) Scheduled wastes shall be treated at prescribed premises or at on-site treatment facilities only and the residuals from treatment of scheduled wastes shall be treated and disposed of at prescribed premises.
- (d) Any Waste Generators may apply to the DGEQ in writing to have the scheduled wastes generated from their particular facility or process excluded from being treated, disposed of or recovered in premises or facilities other than at the prescribed premises or on-site treatment or recovery facilities. If the DCEQ is satisfied with the application made, the DGEQ may grant a written approval either with or without conditions.
- (e) Any Waste Generators shall keep an accurate and up-to-date inventory of scheduled waste generated, treated and disposed of in accordance with the fifth schedule of the Regulations 2005 and of materials or product recovered from such scheduled wastes for a period up to 3 years from the date of the scheduled wastes was generated.

Our Group has appointed a licensed service provider to carry out waste collection, transportation, disposal, treatment and waste management related services at our factory premises.

7. BUSINESS OVERVIEW (Cont'd)

Pursuant to Regulations 2014, every premises shall be equipped with an air pollution control system in accordance with the specifications as determined by the DGEQ, where the owner or occupier of the premises shall operate and maintain the air pollution control system in accordance with sound engineering practice and ensure that all components of the air pollution control system are in good working condition. The owner or the occupier of the premises and the professional engineer shall, within 30 days after the commencement of operations at the premises, submit a written declaration to the DGEQ, in such form as determined by the DGEQ, certifying that the design and construction of the air pollution control system have complied with the specifications as determined by the DGEQ. Nevertheless, Regulations 2014 is applicable to:

- (a) any premises used for any industrial or trade purposes, or on which matter is burnt in connection with any industrial or trade purposes, including burning of waste, whether or not the premises are prescribed under Section 18 of the EQA;
- (b) any other premises or process that discharges or is capable of discharging air pollutants into the open air;
- (c) any industrial plant; and
- (d) any fuel burning equipment.

Our factory premises have been equipped with air pollution control systems, which construction has been acknowledged by the Department of Environment. As at the LPD, our Group has not received any notices, penalties or reprimands from the Department of Environmental for non-compliance of the environmental laws and regulations.

7.24 ESG PRACTICES

We strive to adopt the following ESG practices to ensure environmentally responsible operations, a conducive workplace for employees, and support the local communities.

(i) Environmental

Our mission is to be a best-in-class Green EMS company that promotes environmental sustainability. Since 2004, our manufacturing facilities are certified ISO 14001 for environmental management system where we have adopted best practices for our business operations as outlined below:

- Promote 3R to increase recycling, recovery and reuse on the production floor including recovery of solder dross for reuse, and reuse of plastic tray, containers and carton boxes and recycling of plastic wastes, carton boxes, PCBA scraps and metal parts.
- Practice paperless administration where practical to reduce our carbon footprint.
- Promote efficient production where we gradually increase automation of our manufacturing processes and reduce human intervention in critical processes to maintain product quality.
- Promote energy conservation where our manufacturing facilities are equipped with LED lighting, and where high energy usage equipment such as chillers and air handling units are installed with auto timers to shut down the equipment when not in use or during off-peak periods.

7. BUSINESS OVERVIEW *(Cont'd)*

- Reduce our carbon footprint by promoting the use of renewable energy where we plan to install a rooftop solar photovoltaic system for our new manufacturing plant which is under construction as at the LPD.
- Provide adequate green areas where our manufacturing premises in Kulim Hi-Tech Park has approximately 25% of green area.
- Comply with the Department of Environment's regulations to prevent degradation and pollution of the environment.

(ii) Social

Employees

We are committed to maintaining a safe and healthy workplace for employees. We have in place operational safety policies which include safety briefings and regular fire drills and training by our Health and Safety Committee. Since 2011, our operational facility is ISO 45001 certified for occupational health and safety management systems.

For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, we recorded workplace accident rates with occupational accident rate* of 4.36, 2.09 and 1.91 compared to the DOSH national standard occupational accident rate* of 2.53 for 2020. There was no workplace accident for the FPE 31 August 2021. Our occupational accident rate of 4.36 for the FYE 31 January 2019 was attributed to four (4) incidents related to employees' carelessness. The most severe incident of the four (4) incidents was not related to our manufacturing operations. The incident had involved a staff who suffered a minor fracture in her fifth metacarpal bone as a result of another employee accidentally pushing her from the back while exiting our premises. We have reiterated to our employees the need to maintain vigilance at the workplace to prevent such recurrence.

Note:

* Refers to occupational accident rate per 1,000 workers.

We support and practice workplace equal opportunity, and gender and cultural diversity. From this aspect, we provide equal employment, career development and fair pay advancement to attract and maintain talents, as well as encourage the hiring of local talents. As at the LPD, all our employees are Malaysian.

We provide training and development to our employees through hands-on and in-house and external training programmes, based on our training needs analysis programmes.

We have procedures and policies to ensure ethical trade, human rights, fair labour practices and non-discrimination on ethnicity, gender and age. As at the LPD, our male and female workers accounted for approximately 20% and 80% of the total of 1,086 workers (comprising of 1,029 permanent employees and 57 contract workers) respectively. We have put in place business practices to promote compliance to the Responsible Business Alliance (RBA) code of conduct to ensure that our working conditions are safe for our employees, they are treated with respect and dignity, and ensure that our business operations are environmentally responsible.

7. BUSINESS OVERVIEW *(Cont'd)*

Community

We endeavour to support and provide benefits to the local communities. As at the LPD, our entire workforce is employed from local communities.

We also offer internships to the local communities to increase the skill levels and provide jobs for our local communities. We also carry out corporate social responsibilities activities where our employees volunteer in various community activities, including visiting aged care homes and orphanage houses. We also donate to various causes and help some of the people in the local communities.

(iii) Governance

We are committed to a high standard of corporate governance that our employees uphold a high standard of integrity and governance in business conducts and dealings internally as well as with external stakeholders.

To this end, we are a member of the "Promise of Integrity Alliance" in Penang since 2017 where the founding members comprise some of the local and multinational electronics corporations in Penang and members are mainly electronics corporations operating in the Northern Region of Peninsular Malaysia.

We also have in place policies and procedures to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010.

8. INDUSTRY OVERVIEW

10 November 2021

The Board of Directors
Aurelius Technologies Berhad
Plot 21, Jalan Hi-Tech 4
Kulim Hi-Tech Park, Phase 1
09090 Kulim
Kedah Darulaman, Malaysia

Vital Factor Consulting Sdn Bhd
(Company No.: 199301012059 (266797-T))

V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel: (603) 7931-3188
Fax: (603) 7931-2188
Email: enquiries@vitalfactor.com
Website: www.vitalfactor.com

Dear Sirs/Madam

Independent Assessment of the Electronics Manufacturing Industry

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above for inclusion into the prospectus of Aurelius Technologies Berhad concerning its proposed listing on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, availability of up to date of information, secondary information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report may include assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders (formerly known as the Australian Institute of Management). He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing on Bursa Securities.

8. INDUSTRY OVERVIEW (Cont'd)



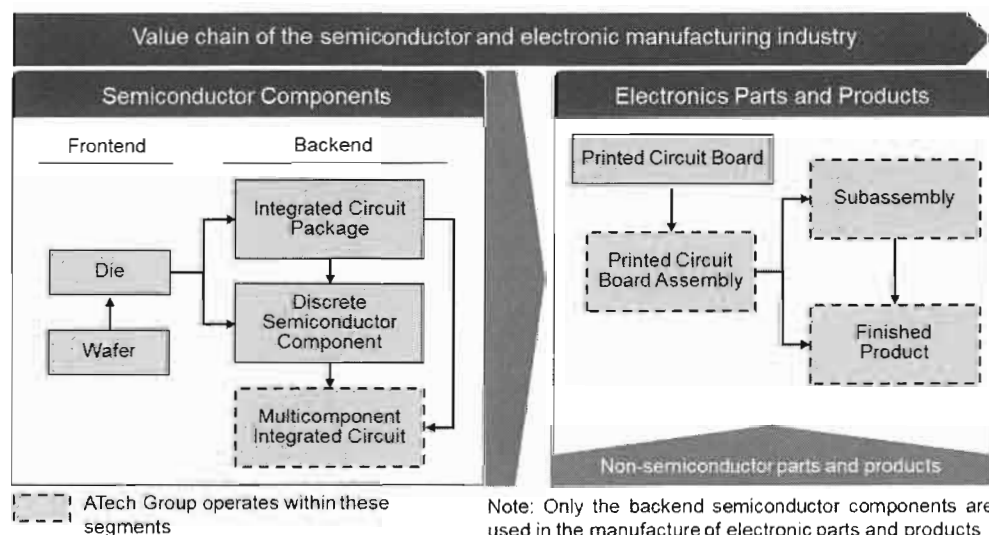
INDEPENDENT ASSESSMENT OF THE ELECTRONICS MANUFACTURING INDUSTRY IN MALAYSIA

1. INTRODUCTION

- Aurelius Technologies Berhad and its subsidiary, BCM Electronics Corporation Sdn Bhd (“ATech Group”) is mainly involved in the provision of electronics manufacturing services (EMS) for industrial electronic products in Malaysia. As the electronics industry in Malaysia is predominantly export-oriented this report will focus on Malaysia and, to a certain extent, the global market.

2. THE ELECTRONICS INDUSTRY

- Electronics deal with the emission, flow and control of electrons in the form of electric current as well as their behaviour and effects in vacuum and matters. In electronics, the movement of electrons is also referred to as signals. The movements of electrons can be manipulated to represent data, data can be processed and moved from one place to another. Data is the common term to represent text (letters and symbols), images (still and moving) and sound (voice, music and other sounds) through various devices such as monitors where text and images can be displayed, and with speakers where sound can be produced.
- Electronics rely heavily on semiconductors to control the flow of electrons which forms the basis of manipulating, processing and moving data. Semiconductors are materials that conduct electricity but their conductivity is somewhere between a metal, which freely allows electrons to move through it, and an insulator, which does not allow electrons to move through it. They are a key enabling technology for many applications, including consumer electronics, the internet of things (IoT), automotive, medical, industrial, transportation, aerospace and energy applications. For example, sensors are embedded in IoT devices for applications in industrial automation; autonomous vehicles; tracking, monitoring, measurement and control devices; smart devices including smart electricity, water and gas meters; and consumer wearables.
- The basis of all electronic products starts with semiconductors, and the value chain is depicted in the diagram below:



8. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- ATech Group is an EMS provider focusing on industrial electronic products and has also expanded into the manufacturing of semiconductor components comprising multicomponent integrated circuits (IC) for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021.
- Semiconductor components are the building blocks for EMS providers to manufacture electronic parts and products. The semiconductor components used by EMS providers include discrete semiconductor components, IC packages and multicomponent IC.

- A printed circuit board (PCB) provides the base and electrical circuitry to connect semiconductor components and other non-semiconductor parts to become a PCB assembly (PCBA). PCB is a rigid thin board or a flexible piece of polymer, with a layer of copper on one or both sides. Through a process using lithography, electrical circuits are formed by etching away the copper in the unwanted areas in a PCB.

- All electronic products will have at least one PCBA where all the components and parts are mounted onto the PCB. The PCBA facilitates all the manipulation of electrons including receiving input data, processing data and producing outputs. Other actions include triggering an action or stopping an action in another device. As such, the PCBA is the main controller and the provider of all the functions of an electronic device. A device may have one or more PCBA to control various functions.

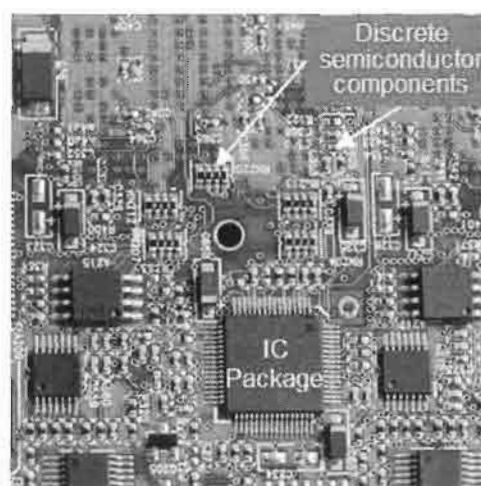
- Discrete semiconductor components perform a single elementary function in the manipulation of current, such as a diode that allows current to flow in one direction. Discrete semiconductor components include, among others, diodes, resistors, capacitors, transistors, rectifiers and thyristor.

- An IC comprises a die with circuitry and transistors etched on it, commonly referred to as a chip, to perform one or more functions. It is then encapsulated in plastic for protection and ease of handling. Once encapsulated, it is referred to as an IC package. An example of an IC package is a central processing unit (CPU) and solid-state memory storage used in computers.

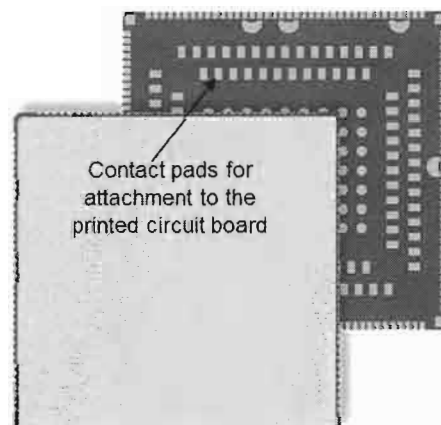
- A multicomponent IC comprises at least one IC package combined with one or more discrete semiconductor components such as a sensor or oscillator to transmit radio frequency. It is commonly packaged in plastic and is incorporated into a PCBA or some other device for it to function.

- Generally, there are two technologies to populate PCB with semiconductor components. One technology, which is the most common is surface mount technology (SMT) where semiconductor components are placed and soldered onto the surface of the circuitry of the

Printed Circuit Board Assembly



Multicomponent IC



8. INDUSTRY OVERVIEW (Cont'd)



PCB. The other technology is plated through-hole technology where holes are drilled through the PCB and the holes may be plated with copper such that the legs of semiconductor components may be inserted through the holes and soldered in place.

3. ELECTRONICS MANUFACTURING INDUSTRY

- There are two main parties within the electronics manufacturing industry, one party is the product and/or brand owner (the customer), and the other party is the company that manufactures electronic parts and products for the product and/or brand owner, referred to as the EMS provider (the outsourcing or contract manufacturing company).
- EMS providers are playing an increasingly important role as strategic partners to product and/or brand owners by providing a range of services which commonly includes PCBA design, prototyping, procurement of semiconductor components and other parts, PCBA manufacturing, subassembly, final product assembly and various in-process and final inspection and testing. This strategic partnership between product and/or brand owners and EMS providers is a common global model for the manufacturing of electronic products.
- EMS providers can be broadly categorised into two main types of product focus:
 - **consumer** products including, among others, smartphones, laptops, tablets, personal computers, wearables and household appliances; and
 - **industrial** products including, among others, robotics, automation, machinery and equipment, industrial communications, instrumentation, control devices, medical devices and equipment, and avionics. Industrial products also cover government products such as aerospace and defence.

This categorisation is important as EMS providers focusing on consumer products commonly have a high-volume business model compared to industrial products. In addition, consumer products have more frequent product updates or obsolescence. As such the business model of a consumer EMS provider is different from one that focuses on industrial products. Due to this, many EMS providers focus on either consumer or industrial products. ATech Group is involved in the EMS focusing on industrial products.

- Malaysia is one of the major destinations for EMS where some of the multinational EMS companies have established manufacturing facilities in the country and this includes, among others, Jabil Circuit Sdn Bhd, Flextronics Technology (Penang) Sdn Bhd, Celestica Malaysia Sdn Bhd, Plexus Manufacturing Sdn Bhd and Sanmina-SCI Systems (Malaysia) Sdn Bhd. Some notable local EMS companies in Malaysia include among others, (in alphabetical order), ATA IMS Bhd, ATech Group, Contraves Advanced Devices Sdn Bhd, EG Industries Bhd, Inari Amerton Bhd, JHM Consolidation Bhd and P.I.E Industrial Bhd. These multinational and local EMS companies recorded revenue of RM100 million and above for their latest financial years in 2019 or 2020. (See section 6.1 of this report for more details)

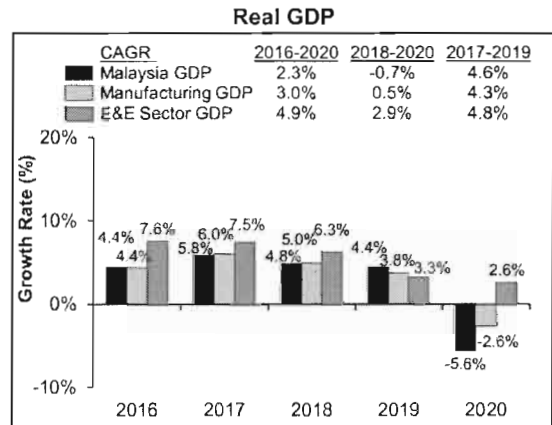
4. MALAYSIA'S ECONOMY

- Gross Domestic Product (GDP) is a measure of the gross value added in the output of goods and services in a country or a sector during a specified period. It indicates the overall size of the country's economy or the sector. GDP growth is commonly measured by comparing a particular year or quarter's GDP with that of the preceding year or quarter.

8. INDUSTRY OVERVIEW (Cont'd)



- Real GDP is a method of measuring GDP that takes into account the effect of changes in the prices of goods and services over time, that is, to take into the effects of inflation or deflation. In general, real GDP provides a more meaningful measure of “real” changes in output over time, as any changes from period to period are due to changes in the quantity of goods and services produced, rather than changes in their prices. In the context of this report, all GDP figures are nominal GDP, unless specified otherwise.



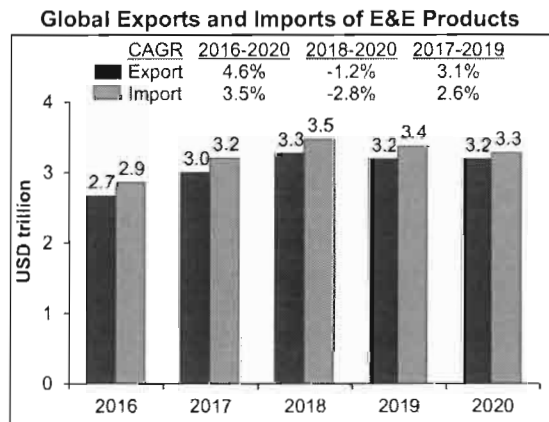
n.a. = not available; CAGR = compound annual growth rate (Sources: Department of Statistics Malaysia (DOSM); Ministry of Finance (MoF))

- Between 2018 and 2020, the real GDP of Malaysia’s economy declined while the real GDP of the manufacturing industry and electrical and electronics (E&E) sector experienced growth. In 2020, the real GDP growth of the E&E industry tapered to 2.6% from 7.6% in 2016. This was largely due to weaker global demand for semiconductors and electronic related products in addition to the escalating trade war between the United States of America (USA) and China, as well as the deceleration of global demand due to the COVID-19 pandemic.
- The E&E sector is the largest manufacturing sector in Malaysia which accounted for 29.7% of the real GDP of Malaysia’s manufacturing industry, earning an export revenue of RM386.1 billion in 2020. (Source: DOSM)
- In the first quarter (Q1) 2021, the real GDP of Malaysia’s economy declined by 0.5% while the real GDP of the manufacturing industry and E&E sector grew by 6.6% and 10.6% respectively as compared to Q1 2020. In the second quarter (Q2) 2021, the real GDP of Malaysia’s economy, the manufacturing industry and the E&E sector grew by 16.1%, 26.6% and 26.3% compared to Q2 2020 respectively. (Source: DOSM)

5. SUPPLY AND DEMAND

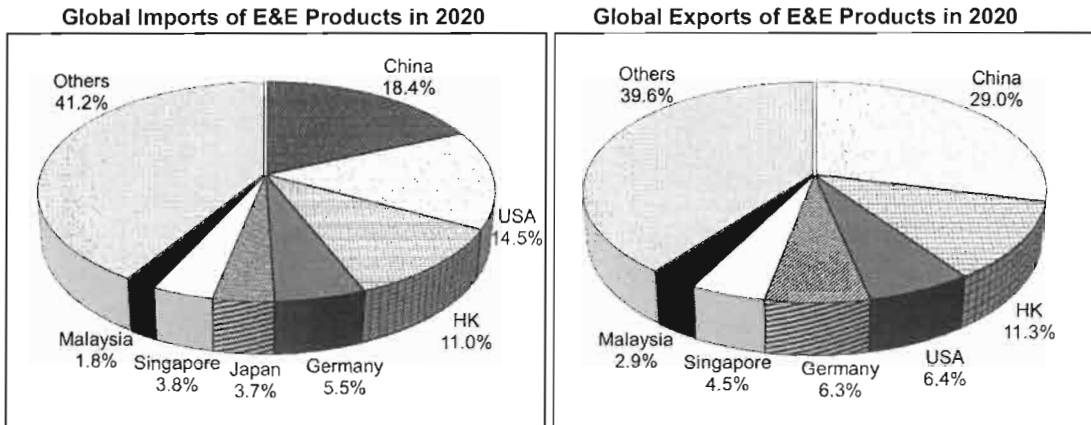
5.1 Global E&E Products

- Malaysia’s E&E industry is an export oriented industry. The following provides some indication of global trends in terms of exports, imports and sales values.
- The exports of E&E products from a global perspective recorded a compound annual growth rate (CAGR) of 4.6% between 2016 and 2020. Between 2018 and 2020, the global export of E&E products declined at an average annual rate of 1.2% due to the COVID-19 pandemic. In 2020, the top three largest exporting countries for E&E products were China, Hong Kong and the USA.



(Source: Vital Factor analysis)

8. INDUSTRY OVERVIEW (Cont'd)



* Others include countries with imports of E&E products of less than 3.5% (Source: Vital Factor analysis)

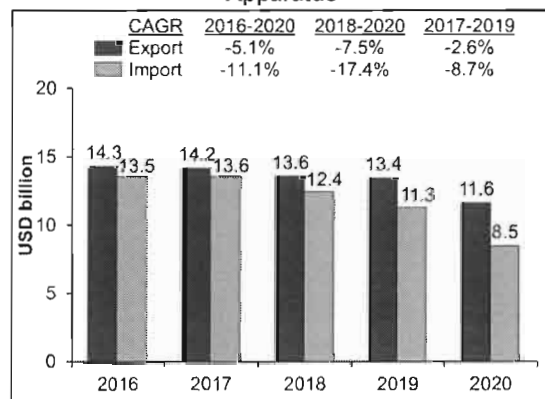
* Others include countries with exports of E&E products of less than 4.0% (Source: Vital Factor analysis)

- The global sales of semiconductors grew by 6.8% to reach USD440 billion in 2020, mainly driven by sensors, memory and integrated circuits products. (Source: Vital Factor analysis).
- For the financial year ended (FYE) 31 January 2019, 31 January 2020 and 31 January 2021, the top three countries that contributed to the ATech Group's total revenue were the USA, Malaysia and Singapore.

5.2 Global Exports and Imports of Radio Broadcasting Apparatus

- ATech Group is involved in electronics manufacturing for communication and IoT products. Revenue from communication and IoT products which include two-way radio and accessories and IoT devices accounted for the majority of ATech Group's total revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021 respectively. Two-way radio and accessories are part of the total umbrella of radio broadcasting apparatus. The following section reviews the supply and demand for radio broadcasting apparatus as a whole.

Global Export and Import of Radio Broadcasting Apparatus



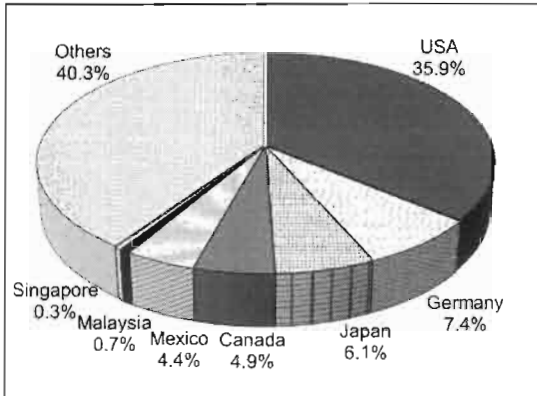
(Source: Vital Factor analysis)

- Between 2016 and 2020, the global import and export of radio broadcasting apparatus experienced decline, indicating lower demand for this said category. The decline is attributed to the increasing adoption of broadband to provide transmission of sound and images to individual devices such computers, laptops and mobile devices. Between 2016 and 2020, the global fixed and mobile broadband subscriptions grew at a CAGR of 6.7% and 10.8% respectively. (Source: Vital Factor analysis)
- In 2020, the USA was the largest importer of radio broadcasting apparatus in the world, having accounted for 35.9% of total global imports. Meanwhile, China was the largest exporter of radio broadcasting apparatus which accounted for 34.0% of the global exports of radio broadcasting apparatus in 2020.

8. INDUSTRY OVERVIEW (Cont'd)

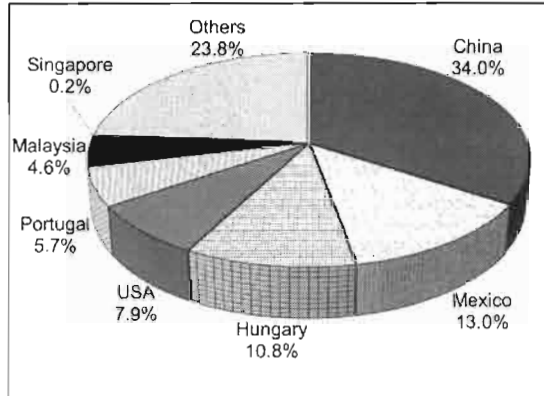


Global Imports of Radio Broadcasting Apparatus in 2020



* Others include countries with imports of E&E products of less than 4.0% (Source: Vital Factor analysis)

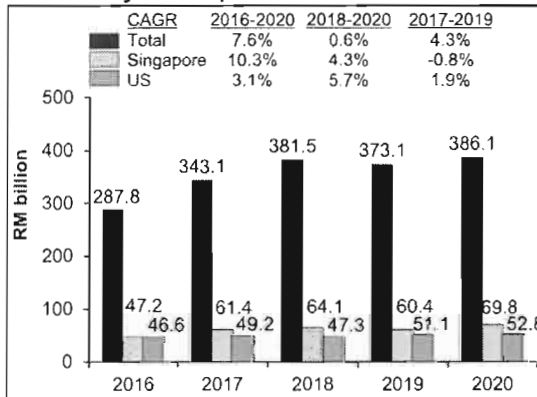
Global Exports of Radio Broadcasting Apparatus in 2020



* Others include countries with imports of E&E products of less than 5.0% (Source: Vital Factor analysis)

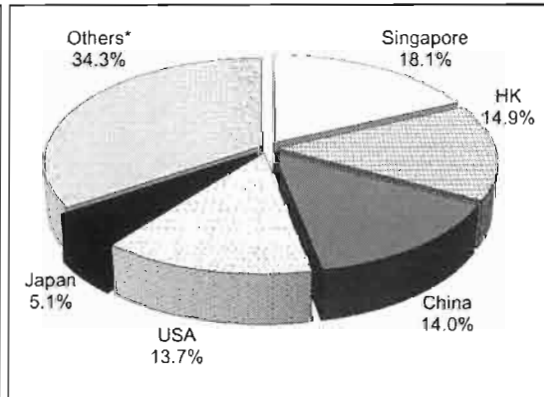
5.3 Malaysia's Exports of E&E Products

Malaysia's Exports of E&E Products



(Source: DOSM)

Malaysia's Export Destinations of E&E Products in 2020



* Others include countries with imports of E&E products of less than 5.0% (Source: DOSM)

- In Malaysia, the exports of E&E products amounted to RM386.1 billion in 2020. The E&E sector continues to be Malaysia's major export earner which accounted for 39.4% of the total value of gross exports in 2020. In 2020, the value of gross exports of E&E products increased by 3.5% as compared to the previous year, mainly due to higher exports of electronic integrated circuits, apparatus for transmission or reception of voice, images and data as well as parts for electronic integrated circuits to support work from home practice (Source: Minister of International Trade and Industry). In Q1 2021, the exports of E&E products grew by 27.9% to RM108.0 billion compared to RM84.4 billion in Q1 2020. In Q2 2021 the exports of E&E products grew by 29.0% to RM 105.8 billion compared to RM82.0 billion in Q2 2020.
- Between 2016 and 2020, Malaysia's exports of E&E products increased at a CAGR of 7.6%. In 2020, the four largest export destinations of Malaysia's E&E products were Singapore, Hong Kong, China and the USA, which collectively accounted for 60.7% of the total exports of E&E products.
- Between 2016 and 2020, exports of E&E products to Singapore and the USA increased at a CAGR of 10.3% and 3.1% respectively. In 2020, the exports of E&E products to Singapore

8. INDUSTRY OVERVIEW (Cont'd)



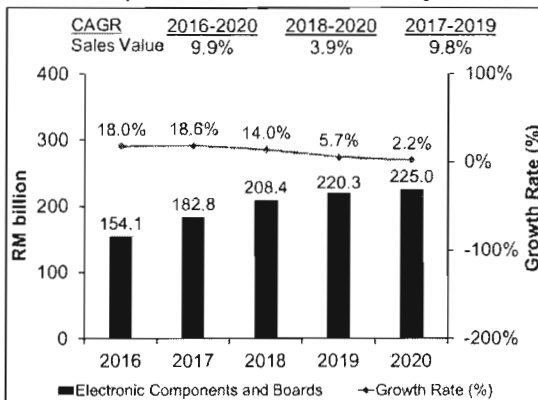
increased by 15.6% and remained the largest export destination for Malaysia's E&E products. Singapore is a major global hub for semiconductor and electronics manufacturing as well as the supply chain for products ranging from storage and memory products to microelectromechanical systems.

- According to Malaysia's Economic Outlook 2022 published in October 2021 by the Ministry of Finance, the export of E&E products is forecasted to grow by 12.8% in 2021, supported by higher demand for semiconductor, telecommunication equipment parts as well as electronic machine apparatus in line with the global trend for digitalisation and technology upcycle.

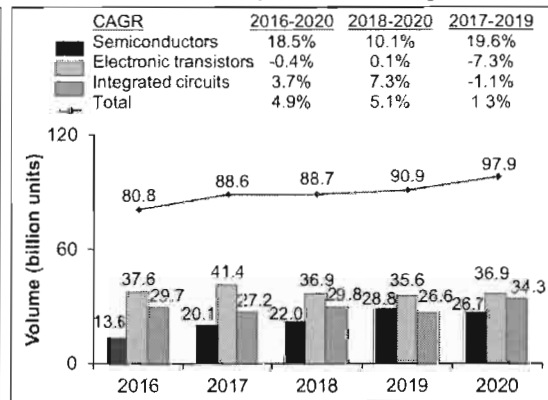
5.4 Manufacture of Electronic Parts and Products in Malaysia

- As ATech Group is focused on the manufacture of PCBA, subassemblies and finished electronic products and has also expanded into the manufacture of semiconductor components comprising multicomponent IC for IoT applications, the following section examines the performance of this sector in Malaysia.
- Electronic components include discrete semiconductor components, IC packages, other components, as well as the PCB itself. All of these are classified under the manufacture of electronic components and boards. PCBA involves the population of the electronic components onto the PCB.

Sales Value of Manufacture of Electronic Components and Boards in Malaysia



Manufacturing Volume of Selected Major Electronic Components in Malaysia



(Source: DOSM)

- Overall, the sales value of the manufacture of electronic components and boards in Malaysia increased at a CAGR of 3.9% between 2018 and 2020. In 2020, the sales value of this segment recorded a lower growth of 2.2% amounted to RM225.0 billion.
- Between 2018 and 2020, the manufacturing volume of selected major electronic components grew at a CAGR of 5.1%. Growth within the period was driven primarily by the increase in the manufacture of semiconductors and integrated circuits which grew at a CAGR of 10.1% and 7.3% respectively.
- In 2020, the sales value of manufactured E&E products in Malaysia declined by 0.5% compared to the previous year due to the COVID-19 pandemic. However, it is expected to rebound in 2021 following global digital transformation as work from home and virtual communications become part of new business practices and the roll out of 5G which would drive the demand for integrated circuits, memory and microchips within the global semiconductor industry (Source: MoF). In Q1, Q2 and Q3 2021, the sales value of manufactured E&E products in Malaysia recovered to grow by 11.1%, 30.0% and 2.9% compared to their respective period in 2020. (Source: DOSM)

8. INDUSTRY OVERVIEW (Cont'd)



6 COMPETITIVE ANALYSES

6.1 Operators in the Industry

- The EMS industry in Malaysia is diversified where electronics manufacturing companies produce a wide range of products from electronic components, modules, devices and up to systems across various industries. These companies in the industry range from local small and medium-sized enterprises to large scale local corporations and foreign multinational corporations. For example, Jabil Inc ("Jabil") is a large global provider of EMS that is listed on the New York Stock Exchange (NYSE). Jabil operates in 30 countries and recorded total revenue of USD27.3 billion in the FYE 31 August 2020. Jabil has manufacturing facilities in Penang, Malaysia where its revenue from Malaysia was USD1.9 billion or 7.0% of its total revenue in FYE 31 August 2020. (Source: Jabil Inc Annual Report)
- There are no published data on the number of companies providing EMS. EMS companies play a key role in the E&E sector in Malaysia. According to the Malaysian Investment Development Authority, the E&E sector is a key driver of Malaysia's industrial development contributing significantly to GDP growth and export earnings. The following table is a list of some of the EMS providers in Malaysia, listed in descending order of revenue within their respective categories:

Operators in the industry	Group Main Product Segment	FYE ⁽¹⁰⁾	Revenue (RM '000) ⁽¹¹⁾	GP (RM '000) ⁽¹¹⁾	GP Margin (%)	NP/(NL) (RM '000)	NP/(NL) Margin (%)
Public listed companies and ATech Group							
ATA IMS Bhd	Consumer	Mar-21	4,221,815	305,426	7.2	150,300	3.6
V.S. Industry Bhd	Consumer	Jul-20	3,243,192	321,312	9.9	104,491	3.2
Inari Amertron Bhd	Cons & Ind	Jun-21	1,428,704	423,906	29.7	330,715	23.1
EG Industries Bhd	Cons & Ind	Jun-21	1,055,521	43,341	4.1	13,965	1.3
P.I.E. Industrial Bhd	Consumer	Dec-20	686,363	51,369	7.5	45,596	6.6
ATech Group	Industrial	Jan-21	362,165	30,073	8.3	15,096	4.2
JHM Consolidation Bhd	Industrial	Dec-20	250,970	52,825	21.0	21,386	8.5
Salutica Bhd	Consumer	Jun-21	222,996	n.a	n.a	-9,724	-4.4
Contraves Advanced Devices S/B ⁽¹⁾	Industrial	Dec-20	104,405	n.a	n.a	-12,283	-11.8
Subsidiaries of foreign multinational corporations							
Jabil Circuit S/B ⁽²⁾	Cons & Ind	Aug-20	9,167,053	n.a.	n.a.	231,246	2.5
Plexus Manufacturing S/B ⁽³⁾	Industrial	Sep-20	5,873,548	825,134	14.0	645,012	11.0
Flextronics Technology (Penang) S/B ⁽⁴⁾	Industrial	Mar-20	4,386,550	195,249	4.5	186,803	4.3
Sanmina-SCI Systems (Malaysia) S/B ⁽⁵⁾	Industrial	Sep-20	3,144,470	n.a.	n.a.	81,660	2.6
Venture Electronics Services (M) S/B ⁽⁶⁾	Cons & Ind	Dec-20	1,430,961	n.a.	n.a.	54,025	3.8
GES Manufacturing Services (M) S/B ⁽⁷⁾	Cons & Ind	Dec-20	1,224,752	n.a.	n.a.	46,468	3.8
Celestica Malaysia S/B ⁽⁸⁾	Industrial	Dec-19	1,219,067	135,944	11.2	86,171	7.1
Benchmark Electronics (M) S/B ⁽⁹⁾	Cons & Ind	Dec-19	781,042	97,531	12.5	58,445	7.5

(Sources: Companies Commission of Malaysia (CCM), Annual reports of respective listed companies and audited financial statements of ATech Group) n.a. = not available; GP = Gross Profit; NP = Net Profit; NL = Net Loss; Rev = Revenue, S/B = Sdn Bhd; Cons & Ind = consumer and industrial.

(1) Contraves Advanced Devices S/B is a subsidiary of Boustead Heavy Industries Corporation Bhd, a listed entity on Bursa Securities.

8. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- (2) Jabil Circuit S/B is a subsidiary of Jabil Inc., a listed entity on the NYSE.
- (3) Plexus Manufacturing S/B is a subsidiary of Plexus Corporation, a listed entity on the NASDAQ Stock Exchange.
- (4) Flextronics Technology (Penang) S/B (formerly known as Solectron Technology Sdn Bhd) is a subsidiary of Flextronics Global Holdings LP, a listed entity on the NASDAQ Stock Exchange.
- (5) Sanmina-SCI Systems (Malaysia) S/B is a subsidiary of Sanmina Corporation, a listed entity on the NASDAQ Stock Exchange.
- (6) Venture Electronics Services (M) S/B is a subsidiary of Venture Corporation Limited, a listed entity on the Singapore Stock Exchange.
- (7) GES Manufacturing Services (M) S/B (formerly known as Eltech Electronics Technology S/B) is a subsidiary of Venture Corporation Limited, a listed entity on the Singapore Stock Exchange.
- (8) Celestica Malaysia S/B is a subsidiary of Celestica Incorporated, a listed entity in the Toronto Stock Exchange and the NYSE.
- (9) Benchmark Electronics (M) S/B is a subsidiary of Benchmark Electronics, a listed entity on the NYSE.
- (10) Latest available financial information. Audited figures from annual reports of respective listed companies, CCM and ATech Group.
- (11) May include revenue, GP and NP/NL derived from other business activities.

The list of companies above was selected based on the following criteria:

- (a) provider of EMS and have manufacturing facilities in Malaysia;
- (b) public listed companies on Bursa Securities and ATech Group,
- (c) subsidiaries of public companies listed on foreign exchanges, operating in Malaysia; and
- (d) revenue of at least RM100 million for their latest financial year.

6.2 Market Size and Share

2020			
Manufacturing	Market size in Malaysia	ATech Group's revenue ⁽³⁾	Market share of ATech Group
Electronic products	RM343.2 billion ⁽¹⁾	RM362.2 million	Less than 1%
Communication equipment	RM17.1 billion ⁽²⁾	RM324.1 million	2%

(Source: DOSM; ATech Group; Vital Factor Analysis)

Notes:

- (1) The market size was based on the sales value of manufactured products of computers, electronics and optical (which includes light-emitting diode (LED)) products in Malaysia for 2020. (Source: DOSM)
- (2) The market size was based on the sales value of manufactured products of communication equipment in Malaysia for 2020. (Source: DOSM) Communication equipment is a subsector of electronic products.
- (3) Based on ATech Group's total revenue from EMS and revenue from the manufacturing of communication and IoT products for FYE 31 January 2021.

7. INDUSTRY CONSIDERATION FACTORS

- The shortage of semiconductors started approximately in the second quarter of 2020 and continued into the third quarter of 2021. This was mainly due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles.
- The shortage of semiconductors has also impacted the automotive market and affected production activities since the second quarter of 2020 when the shortage of automobile chips began. The shortage of automotive chips does not directly affect the demand for ATech Group's semiconductor components which are focused on wireless communication modules. While the automakers understandably reduced production and chip purchases amidst the spread of COVID-19 across the globe, the demand for automotive semiconductors increased in the fourth quarter of 2020. The increase in demand for semiconductors was evidenced by the sales of global semiconductors which grew by 6.8% in 2020.

8. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
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- For the first three quarters of 2021, the global sales of semiconductor grew by 23.4% to reach USD391.9 billion as compared to the corresponding period in 2020 which amounted to USD317.6 billion. This was mainly due to manufacturers ramping up production of semiconductors to address the increasing demand. The increased demand for semiconductors used in electronic products was caused by the increased need for equipment and devices to facilitate, among others, remote healthcare, work-from-home and virtual learning and meetings during the COVID-19 pandemic.
- The projected global growth of the semiconductor and electronics market in the near term will drive demand for electronics manufacturing that will provide market opportunities for operators including EMS providers in Malaysia. This is substantiated by Malaysia's E&E sector which continues to be the key contributor to export earnings accounting for RM386.1 billion or 39.4% of total exports for 2020. (Source: DOSM) According to the MoF, Malaysia's export of E&E products is forecasted to increase by 3% in 2021 driven by higher demand for semiconductors, telecommunication equipment parts, as well as automatic data processing equipment in line with global digital transformation.
- The prospects of the electronics manufacturing industry in Malaysia is dependent upon, among others, the recovery of Malaysia as well as the global economies from the ongoing COVID-19 pandemic, and other local and global factors. Considerations also include the increased pace of digital transformation globally predicated by export demand of E&E products, and performance of domestic manufacturing of the E&E product sector and socio-economic factors such as interest and unemployment rates, lending policies, business confidence and consumer sentiments.
- In 2020, Malaysia's economy and the manufacturing sector contracted by 5.6% and 2.6% respectively due to measures taken to contain the COVID-19 pandemic, while the E&E sector experienced a growth of 2.6%. According to the MoF, the E&E sector is expected to record growth as the COVID-19 pandemic accelerates the structural shifts towards digitalisation, spurring demand for telecommunication, cloud computing and medical devices and products.
- Besides, the recovery of Malaysia's economy will be supported by eight economic stimulus packages provided by the Malaysian government with a total allocation of RM530 billion as of 10 November 2021. Some of the measures introduced by the government to support the recovery of Malaysia's economy include moratorium on loans, employee wage subsidies, grants and soft loans for small and medium enterprise, unemployment assistance, financial support for households, electricity discount, tax incentives as well as expediting the administration of vaccines.
- The global economy is estimated to have contracted by 3.5% in 2020 due to the adverse impact of the COVID-19 pandemic. The global economy is anticipated to recover based on the prediction of proper pandemic management and effective vaccination limiting the community spread of COVID-19 in many countries, as well as continued monetary policy accommodation accompanied by fiscal support. (Source: Vital Factor analysis)
- According to the 12th Malaysia Plan, the GDP of the E&E industry is targeted to grow from RM86.1 billion in 2020 to RM120 billion in 2025. Meanwhile, the export value of E&E products is targeted to grow from RM386.1 billion in 2020 to RM495 billion in 2025 led by integrated circuits, diodes and photosensitive semiconductors following continuous demand in emerging technologies such as autonomous vehicles, artificial intelligence, 5G and IoT. (Source: Economic Planning Unit, Malaysia) According to the Budget 2022, RM100 million will be allocated to 200 manufacturing and service sector companies to automate their business processes and RM45 million allocated as technology transformation incentives for small and medium size enterprises and mid-stage companies in the manufacturing and service sector towards Industrial Revolution 4.0 or Industry4WRD. (Source: MoF)

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Particulars and shareholdings

The following table sets out particulars of the Promoters and our substantial shareholders, and their respective direct and indirect shareholdings in our Company before and after our IPO:

Promoters and substantial shareholders	Nationality/ Country of Incorporation	Before our IPO			After our IPO		
		Direct	Indirect	Direct	Indirect	Direct	Indirect
		No. of Shares '000	(1)% No. of Shares '000	(1)% No. of Shares '000	(1)% No. of Shares '000	(2)% No. of Shares '000	(2)% No. of Shares '000
Promoters and substantial shareholders							
MSH	Malaysia	281,170	100.00	-	-	254,310	(3)71.0
LCY	Malaysian	-	-	(4)281,170	100.00	100	(5)- (4)254,310
LHC	Malaysian	-	-	(4)281,170	100.00	100	(5)- (4)254,310
Substantial shareholder							
MSL	BVI	-	-	(4)281,170	100.00	-	- (4)254,310

Notes:

(1) Based on our issued Shares before our IPO of 281,170,000 A Tech Shares.

(2) Based on our enlarged issued Shares after our IPO of 358,180,000 A Tech Shares.

(3) MSH had provided a charge over its entire shareholding in BCM Electronics in favour of Maybank for the term loan facility it had obtained from Maybank which has since been discharged to facilitate the completion of the Pre-IPO Restructuring. In turn, a new charge over 254,310,000 Shares, being the remaining Shares held by MSH after excluding the Offer Shares, has been provided by MSH to Maybank prior to the registration of this Prospectus with the SC. The new charge will be uplifted upon settlement of the term loan facility by MSH using the proceeds from the Offer for Sale on the date of our Listing.

(4) Deemed interested by virtue of his interest in our Company via MSH pursuant to Section 8(4) of the Act.

(5) Negligible.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

The Shares held by the Promoter and our substantial shareholders do not have different voting rights from our other shareholders.

Save for the above, there are no other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and the Promoters and our substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

9.1.2 Profiles of the Promoters and our substantial shareholders

The profiles of the Promoters and our substantial shareholders are as follows:

(i) MSH

MSH, a company incorporated on 25 August 2017 as a private limited company in Malaysia under the Act under the name of Aurelius Holdings Sdn Bhd and subsequently changed its name to MSH on 15 October 2021, is the Promoter and our substantial shareholder.

MSH was set up as the vehicle for the MBO of BCM Electronics. The principal activity of MSH is investment holding.

At the time of the completion of the MBO of BCM Electronics, the issued share capital of MSH was RM5,250,000 comprising 5,000,000 MSH Shares and 29,750,000 MSH CRCPS and the shareholders of MSH upon completion of the MBO of BCM Electronics were as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
	'000		'000	
MSH Shares				
LCY	(1)1,750	35.0	(2)1,300	26.0
LHC	(1)1,750	35.0	(2)1,300	26.0
MSL	1,300	26.0	-	-
SEAF (on behalf of JSEAF Fund)	200	4.0	-	-
MSH CRCPS⁽³⁾				
SEAF (on behalf of JSEAF Fund)	29,750	100.0	-	-

Notes:

- (1) Includes 125,000 MSH Shares based on a consideration of RM130,000 held in trust on behalf of the Founding MBO Members. Subsequently on 19 February 2021, 250,000 MSH Shares were transferred to Titanium, being the entity holding MSH Shares on behalf of the Founding MBO Members.
- (2) Deemed interested by virtue of his interest in our Company via MSL pursuant to Section 8(4) of the Act.
- (3) Issue price of RM1.00 per MSH CRCPS with dividend payable on each MSH CRCPS at a rate of 6% per annum chargeable and compounded semi-annually and 5% per annum chargeable and compounded annually. The MSH CRCPS was fully redeemed on 15 October 2019.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

As at the LPD, the issued share capital of MSH is RM5,250,000 comprising 5,000,000 MSH Shares. The shareholders and their respective shareholdings in MSH as at the LPD are as follows:

Name	Nationality/ Place of Incorporation	Direct		Indirect	
		No. of MSH Shares	%	No. of MSH Shares	%
		'000		'000	
LCY	Malaysian	1,375	27.5	1,500	⁽¹⁾ 30.0
LHC	Malaysian	1,375	27.5	1,500	⁽¹⁾ 30.0
MSL	BVI	1,500	30.0	-	-
Pixel Advisers	Singapore	500	10.0	-	-
TCH	Malaysian	-	-	⁽²⁾ 500	10.0
Titanium	Malaysia	250	5.0	-	-

Notes:

- (1) Deemed interested by virtue of his interest in MSH via MSL pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of his interest in MSH via Pixel Advisers pursuant to Section 8(4) of the Act.

As at the LPD, the directors of MSH are LCY and LHC.

The profiles of the shareholders of MSH, other than LCY, LHC and MSL which are set out in Sections 9.1.2(ii), (iii) and (iv) of this Prospectus, are as follows:

(a) Pixel Advisers

Pixel Advisers is a company incorporated on 5 October 2019 as an exempt private company limited by shares in Singapore under the Companies Act (Chapter 50) of Singapore.

The principal activities of Pixel Advisers are management consulting and investment management.

As at the LPD, the issued share capital of Pixel Advisers is SGD10 comprising 10 ordinary shares. TCH is the sole shareholder and director of Pixel Advisers.

(b) TCH

TCH, a Malaysian aged 46, is a businessman and is particularly active in special situations investments which involves investing in a number of asset classes which he believes have upside potential. His business interest also includes being a shareholder and director of Samadhi Group of companies (Samadhi Sdn Bhd and Samadhi Retreats Pte Ltd), a restaurant and hospitality group operating in Malaysia and Singapore.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

He graduated with First Class Honours in Bachelor of Engineering in Electronic Engineering from University of Hull, UK in 1998, and completed his Postgraduate Diploma in Economics at University of Cambridge, UK, as a British Chevening Scholar in 1999. He subsequently trained in PricewaterhouseCoopers London and qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales in 2003. He was also awarded the Financial Risk Manager title by The Global Association of Risk Professionals in 2001.

He spent over 20 years working for various financial services institutions in London, Kuala Lumpur and Singapore.

He does not hold any directorship in any companies listed on Bursa Securities.

(c) Titanium

Titanium is a company incorporated on 1 December 2020 as a limited liability company in Malaysia under the Act.

The principal activities of Titanium is investment in shares in MSH and will hold ATech Shares upon our Listing.

As at the LPD, the issued share capital of Titanium is RM360,002 comprising 10,002 ordinary shares and 350 preference shares. The shareholders of Titanium are TCH and another 30 shareholders consisting of key managers and employees of BCM Electronics (other than LCY and LHC). The substantial shareholders and their respective ordinary shareholding in Titanium as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	(1)%	No. of ordinary shares	(1)%
Chong Kean Seong	Malaysian	1,000	10.00	-	-
Seah Chin Sen	Malaysian	1,000	10.00	-	-
Chieng Chee Boon	Malaysian	1,000	10.00	-	-
Khoo Boo Eng	Malaysian	766	7.66	-	-
Valli Kumaran A/L Ramachandran	Malaysian	766	7.66	-	-
Hafiz Bin Hashim	Malaysian	766	7.66	-	-

Note:

(1) Based on a total of 10,002 ordinary shares in Titanium as at the LPD.

As at the LPD, TCH holds 350 preference shares in Titanium and the directors of Titanium are Khoo Boo Eng and TCH.